


RFP 23-029N
ADDITIONAL RECOMMENDATION 5 OF 5
BOARD MEETING: JUNE 19, 2007

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

ADDITIONAL RECOMMENDATION
RFP 23-029N
FINANCIAL SYSTEM IMPLEMENTATION CONSULTING SERVICES

It is recommended that the School Board authorize an additional expenditure of \$876,206 to the subject contract. The amount of the recommended spending authority is available from funds already included in the BRITE project budget. This does not increase the existing budget. This recommendation will allow the ERP Project Management Department to continue purchasing the consulting services of KPMG for the period of August 2007 through February 2008, and will provide for an approximate total expenditure of \$3,181,380 for the award period.



Phyllis Ben-Asher, CPPB
Purchasing Agent III

Attachments:
Executive Summary - KPMG
Original Recommendation/Tabulation

Executive Summary

KPMG participated in the current SAP implementation from its outset and their current involvement in the BRITE project is focused on risk management and SAP financial controls assistance, both critical for establishing a sound financial reporting and operational system.

KPMG has worked with the School Board to:

- Assist the District in developing a system integrator RFP
- Advise the District in the evaluation of proposals
- Provide support for the District's subsequent contract negotiation
- Transfer knowledge of the District's processes and technical environment to the integrator

In addition, KPMG will:

- Continue to review all project deliverables for consistency and adequacy
- Provide assistance to the District on the implementation of sound SAP financial controls
- Provide recommendations on the design and implementation of controls
- Separately test SAP security and segregation of duties prior to implementation and after an agreed-upon period of time after implementation
- Assist the District with testing of internal controls and provide a post-implementation assessment on the effectiveness of key controls
- Continue to provide the District with "real-time" project risk management reporting and document risks to the BRITE project
- Assess whether or not functional and technical requirements are being built, tested, and implemented
- Assess key design, testing, training, and project deliverables for completeness and adherence to project standards
- Identify project issues for timely resolution

While these services cannot guarantee the success of the BRITE project, they will increase the probability of a positive outcome.



June 19, 2007

KPMG's involvement on the BRITE project is focused on both Project Risk Management activities and SAP Controls assistance. Both of these areas are critical to establishing a sound financial reporting and operational system that the School Board can rely on in the future.

KPMG has participated in SBBC's SAP initiative from its outset, and to date has accomplished the following tasks.

- Completed documentation of the School Board's process and technical needs.
- Assisted the School Board in developing a detailed System Integrator RFP.
- Provided technical advice to the School Board on their selection of IBM and the subsequent contract negotiation.
- Conducted a review of project preparation deliverables and provided feedback to the School Board on deficiencies.
- Provided knowledge transfer on the end-to-end School Board processes to IBM and SBBC BRITE team members to promote project efficiency.

KPMG continues to provide the School Board with:

- Real-time project risk management reporting.
- Ongoing review of BRITE project team deliverables.
- Documentation of financial control requirements (security, process, and technical controls to promote sound financial reporting).

KPMG's role on the BRITE project will continue to focus on Project Risk Management activities and SAP Controls Assistance.

As the School Board proceeds with their SAP implementation KPMG will provide:

- Recommendations on the design and implementation of internal controls.
- Assistance with internal control testing.
- Separate testing of SAP high-risk transactions and segregation of duties both prior to implementation and post go-live.
- A post implementation assessment of key controls to validate the control's operating effectiveness.
- A Risk Analysis report at key project transition points that documents overall risks to the BRITE project.
- Assessments throughout the project to determine whether functional and technical requirements are being built, tested, and implemented.
- Assessments of key project team deliverables (e.g., design, testing, training, and user acceptance deliverables).
- An assessment of the system installation plan.



Background

This Statement of Work (SOW) is for specified Financial System Implementation Consulting Services pursuant to the School Board of Broward County ("SBBC")'s RFP 23-029N, which was awarded to KPMG at the School Board meeting on December 21, 2004.

This SOW provides a specific description and revised scope of work to be performed under the Agreement dated June 7, 2005, between SBBC and KPMG. The terms and conditions of that Agreement govern this SOW. This SOW is within the scope of the RFP awarded to KPMG on December 21, 2004.

This SOW further defines KPMG's roles, scope of work, and deliverables beyond the prior SOW's listed below.

- Statement of Work dated April 16, 2006.
- Addendum dated October 4, 2006.
- Addendum dated January 17, 2007.

Update of KPMG's Understanding

KPMG understands that SBBC plans to implement a number of modules of the MySAP suite. SBBC plans to implement SAP in three releases over a 37 month period.

This statement of work covers work KPMG will perform from February 2007, through July 2007. Based on the current implementation timeline, it is expected that KPMG's work efforts will be focused on Release 1. Any KPMG assistance SBBC requests beyond July 2007, will be agreed to under separate statements of work.

KPMG's approach, work plan, and deliverables for the SAP Controls component of our work are detailed on pages 3 and 4 of this statement of work.

KPMG's approach, work plan, and deliverables for the Project Risk Management component of our work are detailed on pages 5 and 6 of this statement of work.



SAP Controls Work Plan and Deliverables

KPMG's approach to assisting with management's implementation of controls for the remaining phases of SBBC's SAP implementation, with associated deliverables, is outlined below. The activities and deliverables described below represent KPMG's efforts throughout the entire implementation. KPMG will only produce deliverables related to project activities that fall under the timeframe for this SOW (August 2007 – February 2008). Project activities and associated deliverables that fall outside of this timeframe will be produced under future SOWs.

Realization

Control Build Activities

During Realization, KPMG will assist SBBC in identifying SAP controls necessary to meet SBBC's previously identified control requirements. The identified control requirements were previously reviewed and approved by SBBC during the Blueprint phase. SBBC will provide KPMG with details on their current control criteria (e.g. approvals, tolerance limits, etc.) and will be responsible for determining final control criteria. KPMG will provide recommendations to SBBC on how the controls could be implemented in SAP. The recommended SAP controls could include a combination of system configuration, system access, data interface, and segregation of duty controls. In addition, KPMG will identify SAP system reports (or the lack thereof) that could be used to support manual controls such as authorizations, reconciliations, management review procedures, and key performance indicators. Final design, configuration, and approval of control criteria and system settings will be SBBC's responsibility.

KPMG will advise SBBC on the following items:

- System settings for system configuration controls.
- Sensitive transactions for system access controls.
- Incompatible transactions for segregation of duty controls.
- Frequency and occurrence of manual controls.

Deliverables:

- SAP Configuration Controls with Recommended Settings
- SAP Sensitive Transactions
- SAP Segregation of Duty Recommendations
- SAP Data Interface Controls
- SAP Data Conversion Controls
- Manual Control Recommendations



Control Test Activities

KPMG will provide advice to SBBC on their testing of the built SAP controls. This includes recommendations on SBBC's testing of security controls, configuration controls, interface controls, and conversion controls. KPMG will assist SBBC with defining the testing approach and test criteria for these controls. KPMG will recommend to SBBC how control criteria should be built into their integration test scenarios and scripts. SBBC and their system integrator will be responsible for executing the test scenarios. After execution of the test scenarios, KPMG will assess the completeness control tests and the associated results.

Deliverables:

- Control Testing Recommendations
- SAP Configuration Control Test Assessment
- SAP Interface Control Test Assessment
- SAP Conversion Control Test Assessment

Final Preparation

During Final Preparation, KPMG will use its SAP security analysis tool to test access to sensitive transactions and analyze potential segregation of duty violations. This assessment will be dependent on the implementation project team assigning user-id's to job roles.

Deliverables:

- SAP System Access Test Results
- SAP Segregation of Duty Test Results

Go Live & Support

During Go Live & Support, KPMG will assist SBBC in performing a final diagnostic of their implemented controls. At a mutually agreed-on period of time after system go-live, KPMG will compare selected SAP system controls to their expected design (as defined by SBBC in prior phases). KPMG will provide a report that details differences between the expected design of selected controls and the post go-live SAP system. The diagnostic will include an analysis of configuration controls, sensitive transactions, and segregation of duty controls.

Deliverables:

- Final SAP Controls Diagnostic

All SAP control deliverables will be reviewed and approved by the SBBC Project Manager or her designate.



Project Risk Management Work Plan and Deliverables

KPMG will continue to provide Project Risk Management Services as described in our original Statement of Work dated April 16, 2006. This SOW aligns the PRM deliverables with SBBC's established system implementation methodology, which was not available at the time of the original SOW. PRM activities and deliverables remain the same and are described below. The activities and deliverables described below represent KPMG's efforts throughout the entire implementation. KPMG will only produce deliverables related to project activities that fall under the timeframe for this SOW (August 2007 – February 2008). Project activities and associated deliverables that fall outside of this timeframe will be produced under future SOWs.

Risk Analysis Report

KPMG will create a Risk Analysis Report. The Risk Analysis Report will document overall risks to the BRITE project.

KPMG will deliver the Risk Analysis Report at the following phase transitions for all Releases.

- Blueprint to Realization
- Realization to Final Preparation
- Final Preparation to Go-Live

Traceability Analysis Report

KPMG will produce a Traceability Analysis Report. The Traceability Analysis Report documents gaps, if any, observed between SBBC's requirements, as defined by SBBC and their integrator, and originating project documentation (i.e., Integrator Proposal and Statement of Work) and the system design documentation and system build. The requirements defined during the Blueprint Phase will be traced to deliverables generated throughout the system development lifecycle. KPMG will complete a traceability analysis for the following project deliverables.

- Realization Deliverables:
 - Build Deliverables (could include configuration, reports, interfaces, conversions, enhancements and forms documentation)
 - Testing Deliverables
 - Training Deliverables
- Final Preparation Deliverables:
 - Testing Deliverables
 - Training Deliverables
- Go Live & Support Deliverable:
 - Data Conversion Deliverables



Documentation Assessment

KPMG will assess the project documentation and deliverables created by SBBC and their system integrator to determine if they are consistent with defined project standards. KPMG will conduct the following assessments.

Deliverables:

- Design and Development Documentation Assessment (could include configuration, reports, interfaces, conversions, enhancements and forms documentation)
- Training Documentation Assessment
- Testing Documentation Assessment
- User Acceptance Testing Documentation Assessment

Installation Assessment

KPMG will assess whether the required executables, documentation, hardware, software, etc., defined in the deployment plan are in place prior to deployment. The team will also assess whether the deployment plan is being adhered to during the deployment process.

Deliverables:

- Installation Assessment Report

Final PRM Report

KPMG will create the final PRM Report at the conclusion of each Release of the ERP project. The report will summarize PRM tasks and activities performed during the engagement. This report will highlight observed remaining project risks, "next-step" recommendations, and lessons learned.

Deliverables:

- Final PRM Report



Project Assumptions, Timing, and Staffing

The duration for this SOW is from August 2007, through February 2008. KPMG estimates the following hours will be required for the referenced duration.

Level	Hours
Partner	140
Senior Manager	336
Manager	853
Senior	2,068
Associate	1,034
	<hr/> 4,430

If SBBC and their integrator adjust the scope of the implementation, we will adjust our resources accordingly. Should SBBC and KPMG identify the need to expand the scope of our work, due to delays or changes in the implementation project schedule, we will discuss this with you in advance and issue an amendment to this Statement of Work. Should the scope of work decrease due to changes to the implementation plan, KPMG will bill SBBC only for work incurred.

KPMG will be deploying a team comprised of professionals from our Advisory Services group described below:

- Mr. Dennis Rodrigues will serve as the Engagement Partner and will be responsible for the overall quality of KPMG's work, review of any deliverables, and ensure that the objectives of the project are met.
- Mr. Nathan Fenwick will serve as the Engagement Senior Manager. He will be responsible for managing the engagement and the quality of the deliverables.
- Mr. Jay Patel will serve as Manager directly overseeing daily project activities and production of deliverables.

To provide continuity to the BRITE project, KPMG will continue to use the staff resources that have been engaged on the project to date. When dictated by project requirements, KPMG will supplement the team with additional resources.

Professional Fees

KPMG's professional fees are based upon the expertise of KPMG's professionals and the amount of time spent on the engagement. KPMG has based fees on the rates defined in RFP 23-029N. Based on the work described in this SOW, estimated professional fees from August 2007 through February 2008, are \$876,206. These fees include related expenses for this project. Professional fees and expenses for work beyond February 2008, will be agreed to under separate statements of work. See Appendix I for estimated hours by level and associated fees. Professional fees will be billed in monthly installments during the engagement with payment due in 30 days of delivery of the corresponding invoice.



Terms and Conditions

This SOW is subject to the terms and conditions previously agreed to by SBBC and KPMG and included in the Agreement dated June 7, 2005.

* * * * *

If you should have any questions, please contact me at (305) 913-2605 or Nathan Fenwick at (704) 371-8158.

Very truly yours,

KPMG LLP

A handwritten signature in cursive script, reading "Dennis G. Rodrigues".

Dennis G. Rodrigues
Partner
Advisory Services



Appendix I – Projected Hours and Fees

Level	Hours	Rate per Hour	Fees
Partner	140	\$ 290	40,600
Senior Manager	336	\$ 275	92,400
Manager	853	\$ 235	200,437
Senior	2,068	\$ 185	382,523
Associate	1,034	\$ 155	160,246
	<u>4,430</u>		<u>\$ 876,206</u>

Summary of Expenses and Services Provided by KPMG
RFP 23-029N – Financial Implementation Consulting Services
Project: Brite (ERP) Consulting Services
Agenda Item June 19, 2007
***Requested Action: Additional Expenditure of \$876,206**

(A) Total Budgeted	(B) Original Award Amount	(C) 1 st Additional Expenditure (April 2006 – January 2007)	(D) 2 nd Additional Expenditure (February 2007 – July 2007)	*3 rd Additional Expenditure (August 2007 – February 2008)	(E) Total Spent
\$4,716,660	\$595,000 Approved 6/7/05	\$959,140 Approved 4/18/06	\$751,034 1/16/07 Agenda	\$876,206 6/19/07 Agenda	\$3,181,380
SCOPE OF WORK	<u>Needs Assessment Phase</u> <i>Conducted Needs Assessment</i> <ul style="list-style-type: none"> Documented functional needs for all SBBC departments Developed integrator selection RFP, which included SBBC functional needs Advised SBBC on integrator selection and contracting 	<u>Project Prep – Blueprint Phase:</u> <i>Internal Controls Design</i> <ul style="list-style-type: none"> Develop recommended system internal controls Develop recommended internal controls to be performed by SBBC personnel after BRITE goes live <i>Project Risk Management</i> <ul style="list-style-type: none"> Provide transition assistance services Report real-time on project risks to BRITE project and SBBC Senior Management. Develop Risk Analysis Report at end of Blueprint phase Review quality of all Blueprint documentation 	<u>Implementation Release 1: Realization</u> <i>Internal Controls Design</i> <ul style="list-style-type: none"> Recommend detailed SAP control settings Test BRITE security and segregation of duties pre- and post- go-live Test and report on the effectiveness of key BRITE and business process internal controls post go-live <i>Project Risk Management</i> <ul style="list-style-type: none"> Continue real-time project risk reporting to BRITE project and SBBC Senior Management Review all BRITE project documentation: testing, training and user-acceptance Determine whether BRITE implementation addresses all defined requirements 	<u>Implementation Release 1: Continue Realization Activities, Final Prep and Go Live & Support</u> <i>Internal Controls Design</i> <ul style="list-style-type: none"> Test BRITE security and segregation of duties pre- and post- go-live Test and report on the effectiveness of key BRITE and business process internal controls post go-live Perform post go-live controls diagnostic <i>Project Risk Management</i> <ul style="list-style-type: none"> Continue real-time project risk reporting to BRITE project and SBBC Senior Management Review all BRITE project documentation: testing, training and user-acceptance Determine whether BRITE implementation addresses all defined requirements 	

Note:

RFP 23-029N Section 2.1, allows for additional services to be provided on an as needed basis.

Future funding authorization, which does not require additional budget, will be requested for the next statement of work for the remainder of Release 1 implementation in July 2007.

The source of funding is the BRITE (ERP) Implementation Budget.

The School Board of Broward County, Florida
Purchasing Department

FP No.: <u>23-029N</u>	Board Meeting <u>DECEMBER 10, 2002</u>
Description: <u>FINANCIAL SYSTEM IMPLEMENTATION</u> <u>CONSULTING SERVICES</u> <u>TERM CONTRACT</u>	RFPs Sent: <u>122</u> Proposals Rec'd: <u>16</u> No Response: <u>4</u>
For: <u>BUDGET OFFICE</u> (School/Department)	Proposal Opening: <u>OCTOBER 24, 2002</u>
Fund: <u>DEPARTMENT'S OPERATING BUDGET</u>	Awarded Date: <u>OCTOBER 8, 2002</u>
	Award Amount: <u>\$765,000 (PER CONTRACT PERIOD)</u>

POSTING OF PROPOSAL RECOMMENDATION/TABULATION:

Purchasing Department on

NOVEMBER 1, 2002 @ 3:00 P.M.

RFP Recommendations and Tabulations will be posted in the , and will remain posted for 72 hours. Any person desiring to protest the Proposal Recommendation/Tabulation shall file, in writing, a notice of protest within 72 hours after the time posted as stated herein, and shall file a formal written protest within ten days after filing the notice of protest. Saturdays, Sundays, legal holidays and days during which the school district administration is closed shall be excluded in the computation of the 72-hour time period. Filings shall be at the office of the Director of Purchasing, 7720 West Oakland Park Boulevard, Suite 323, Sunrise, Florida 33351. Section 120.57(3)(b), Florida Statutes, states that "The formal written protest shall state with particularity the facts and law upon which the protest is based."

SIXTEEN PROPOSALS WERE RECEIVED IN RESPONSE TO RFP 23-029N. PROPOSALS WERE EVALUATED BY AN EVALUATION COMMITTEE CONSISTING OF:

ALEXANDER BAUM, DIRECTOR, CAPITAL SYSTEMS, REPORTING AND CONTROL
TOM CALHOUN, DEPUTY SUPERINTENDENT, FACILITIES AND CONSTRUCTION
MANAGEMENT

DONNIE CARTER, DIRECTOR, PURCHASING
ANGELA COLUZZI, DIRECTOR, CUSTOMER SYSTEMS INTEGRATION, ETS
THOMAS GEISMAR, AREA SUPERINTENDENT, NORTH CENTRAL AREA
NELL JOHNSON, DIRECTOR, ACCOUNTING
BEN LEONG, CHAIRPERSON, COMPTROLLER
JAMES F. NOTTER, DEPUTY SUPERINTENDENT
DARLENE STEINLAGE, MANAGER I, TREASURER'S OFFICE

M/WBE ADVISOR: MICHELLE WILCOX

TECHNICAL ADVISOR: PATRICK REILLY, DIRECTOR, MANAGEMENT FACILITY AUDITS

BASED UPON SECTION 2.6 OF THE RFP, THE FOLLOWING SHORT LIST OF FINALISTS WILL BE SUBMITTED TO THE SCHOOL BOARD FOR FINAL SELECTION AND AWARD:

1ST RANKED - ERNST & YOUNG
2ND RANKED - KPMG, LLP
3RD RANKED - CIBER, INC.

IT IS RECOMMENDED THAT, FOR REASON STATED ON THE ATTACHED RFP REJECTION SHEET, THE PROPOSALS RECEIVED, EITHER IN ITS ENTIRETY OR FOR THE PARTICULAR REASON STATED, BE REJECTED FOR NOT COMPLYING WITH RFP REQUIREMENTS.

CONTRACT TERM: DECEMBER 10, 2002 THROUGH DECEMBER 2, 2005.

FOR FURTHER INFORMATION ABOUT THIS RFP, SEE PAGE 11 OF 17 PAGES OF THE RFP.

By: _____

Rayllus Ben-Asher

(Buyer/Purchasing Agent)

Date: 10/29/02

DEFERRED 12/10/02

The School Board of Broward County, Florida
Purchasing Department

No.:	<u>23-029N</u>	Board Meeting	<u>FEBRUARY 4, 2002</u>
Description:	<u>FINANCIAL SYSTEM IMPLEMENTATION</u> <u>CONSULTING SERVICES</u> <u>TERM CONTRACT</u>	RFPs Sent: <u>122</u>	Proposals Rec'd: <u>16</u> No Response: <u>4</u>
For:	<u>BUDGET OFFICE</u> (School/Department)	Proposal Opening:	<u>OCTOBER 24, 2002</u>
Fund:	<u>DEPARTMENT'S OPERATING BUDGET</u>	Advertised Date:	<u>OCTOBER 8, 2002</u>
		Award Amount:	<u>\$498,000 (PER CONTRACT PERIOD)</u>

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TOM CALHOUN, DEPUTY SUPERINTENDENT, FACILITIES AND CONSTRUCTION
MANAGEMENT
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CONTRACT TERM: FEBRUARY 4, 2002 THROUGH DECEMBER 2, 2005.

FOR FURTHER INFORMATION ABOUT THIS RFP, SEE PAGE 11 OF 17 PAGES OF THE RFP.

By: Phyllis Ben-Asher

(Buyer/Purchasing Agent)

Date: 10/29/02