

Pension Administration Modernization

**Exhibit C1 – Governance,
Oversight, and
Accountability Plan,
RFP No. 22-07**

November 2022



Table of Contents

1. Overview	3
1.1 Purpose	3
1.2 Project Description.....	3
2. Approach	4
2.1 Summary	4
2.2 Roles and Responsibilities for Decision-Making.....	4
2.3 Project Oversight	7
2.4 Project Governance Structure	7
2.5 Decision Making Framework	8
3. Accountability	9
3.1 Project Management.....	9
3.2 Meetings.....	10
3.3 Reports	10
4. Governance Authorization	11
4.1 Signatures.....	11

1. Overview

1.1 Purpose

The role of project governance is to provide a decision-making framework that is logical, robust and repeatable to govern an organization’s capital investments.

The purpose of this Exhibit is to provide guidance to individual team members and stakeholders on who and how the Department of Retirement Systems (DRS) and Bidder will govern and provide oversight to the Pension Administration Management (PAM) Project (“the Project”) to ensure Project success.

The audiences of this document include DRS and Bidder leadership teams, DRS and Bidder Project managers, Project quality oversight resources, Project team members and other DRS and Bidder team members as needed.

It will be incorporated as an Attachment to the Contract that is negotiated with the successful Bidder.

1.2 Project Description

DRS operates the fourth most complex public retirement system in North America¹, managing \$5.2B annually in member and employer contributions and paying \$6.4B annually in benefit payments. While we are customer focused and provide one of the most cost-effective services compared to our peers nationally, our ability to support constantly changing customer and business needs is limited. 850,000 members rely on DRS for comprehensive, accurate and accessible information. DRS has done a reasonable job of adapting its aging, legacy systems to deliver features to our customers. However, there are limitations for policy updates and process improvements when working with systems that are more than three decades old.

The Creating an Outstanding Retirement Experience (CORE): PAM Project will plan, procure and implement a modified off-the-shelf (MOTS) pension administration solution (PAS, or the “Solution”). This new Solution will create an outstanding retirement experience by allowing our team members to better serve members through secure, modern and flexible retirement tools.

Between August 2021 and June 2023, the Project will develop requirements, complete data and technology readiness and conduct a procurement. Starting on July 1, 2023, the focus will shift to implementing the procured pension administration solution.

This Solution will deliver functionality proven in other similarly designed pension organizations. By opting for a proven MOTS Solution, the selected Bidder's expertise in the pension modernization space will help ensure a successful implementation in Washington state.

Project Goals and Objectives can be found in the Project Charter.

- Align DRS customer self-service and responsive customer service with financial industry best practices.

¹ CEM Benchmarking, 2021

- Increase DRS' ability to attract and retain business and technical team members by providing them with modern tools and resources.

2. Approach

2.1 Summary

Executive Sponsors, Project Sponsors and the Project Directors oversee the Project. The Executive Steering Committee (ESC) provides strategic direction for the Project and ensures Project resources are available. The Project Directors provide guidance to the Senior Project Manager, the Bidder Project Manager and Workstream Leads and make resource allocation decisions based on the ESC's direction.

The DRS Director is the Executive Sponsor, and has ultimate accountability for DRS. The Bidder/Title is the Executive Sponsor and has ultimate accountability for Bidder. Jointly these two Executive Sponsors have responsibility for the ultimate success of the Project.

To support an effective implementation, there are multiple layers of accountability for the execution and management of the Project. The following sections further define roles and responsibilities for decision-making, the Project governance structure and a decision-making framework.

2.2 Roles and Responsibilities for Decision-Making

DRS and the Bidder have authorized the entities included in this section to provide oversight and leadership to the Project. These active decision-making bodies review Project objectives and outcomes, budget and contract issues, resource needs and priorities.

2.2.1 Executive Sponsors

DRS: Tracy Guerin

Bidder: Bidder's Executive Sponsor

The Executive Sponsors oversee the Project and are ultimately accountable for the Project's success. This role ensures that Project's objectives are well defined, achievable and aligned with DRS's strategic direction and the contract. These people are the executive decision-makers. They are responsible for leadership and advocacy for the Project.

2.2.2 Executive Steering Committee (ESC)

The ESC is made up of the Executive Sponsors, Project Sponsors, and Project Directors. The ESC provides strategic direction for and ensures resources are available to the Project. The ESC will:

Provide support to the Project by:

- Guiding Project direction
- Authorizing resources (budget and people)
- Advocating for the Project, both internally and with external stakeholders
- Leading the adoption of new business process and technology with their respective areas of responsibility and bringing about organizational changes that may arise from this Project

- Communicating expectations and anticipated outcomes to DRS team members
- Serving as change leaders for business transformation
- Removing barriers to the Project's success when needed
- Communicating and prioritizing competing interests between operational needs and Project needs where required

Ensure:

- Overall success of the Project
- Project supports strategic business goals
- Project goals and objectives reflect agency priorities
- Scope is clearly defined and managed
- Issues escalated are addressed in a timely manner

Approve:

- Major strategic or policy decisions
- Substantive changes to scope, resources or schedule

2.2.3 Project Sponsors

DRS: Candice Myrum, Jay Walsh, Seth Miller, and Mike Ricchio

Bidder: Bidder's Project Sponsor(s)

Project Sponsors provide guidance and business direction to the Project. These sponsors will make decisions as needed and will work with the Project Directors to identify issues that need to be escalated to ESC. Project decisions will include all escalated decisions related to contract, scope, schedule, resources or budget. Sponsors will:

Ensure:

- Project priorities are established that support business needs
- Issues about Project direction are escalated to the Executive Sponsors if they cannot be resolved by the Project Sponsors
- Decisions are made timely when needed

Work with the Project Directors to:

- Meet resource needs
- Remove Project barriers
- Manage competing priorities

Approve:

- Key Project documents (Project plans, schedules, change management plans, etc.)
- Project Change Orders that impact scope, schedule, contract or budget
- Bidder Contracts

DRS Project Sponsors will resolve issues on DRS specific business issues. Bidder Project Sponsors will resolve Bidder specific business issues. All Project Sponsors will work together to resolve shared escalated issues when needed.

2.2.4 Project Directors

DRS: Amy McMahan

Bidder: Bidder's Project Director

The Project Directors provide day-to-day oversight of the Project. These positions have responsibility for the execution of the Project. This role communicates up to the Executive and Project Sponsors and is responsible for coordination with Washington Technology Solutions' ("WaTech") Office of the Chief Information Office (OCIO) Consultant and the Quality Assurance (QA) vendor. This role is responsible for the development and execution of overall project management framework. This role will facilitate issues and risks communication and resolution between the Project Managers and Executive and Project Sponsors. The role also sets direction and provides guidance and support for tactical implementation activities. The Project Directors will:

Ensure:

- Escalated issues and risks are appropriately mitigated, escalated, or resolved
- Decisions are escalated timely as needed
- Both parties are performing in accordance with the established Contract
- Consistent use of Project tools
- Project Managers have the resources, tools and technology for Project success
- Project is executed within budget, scope, and schedule

Monitor:

- Project management processes
- Change management processes
- Project status
- Project metrics - scope, budget, schedule and resources

Work with the Project Sponsors and Project Managers to:

- Identify, recruit and retain skilled Project resources
- Acquire appropriate tools and technology
- Remove Project barriers
- Manage competing agency priorities and the impacts they may have on the Project

Approve:

- Key Project documents (project plans, schedules, change management plans, etc.)
- Project status reports

- Contract deliverables

2.2.5 Project Managers

DRS: Wendy Helling

Bidder: Bidder’s Project Director

The Project Managers are responsible for the day-to-day Project decisions related to the execution of the Project within the defined scope, budget and timeline. The Project Managers will:

- Coordinate with each other to develop and manage Project Deliverables related to implementation of Services (project governance, project plan, communication plan, schedule, and issue and risk logs)
- Manage Projects issues and risks within the Project
- Escalate and document issues, risks, resource constraints and other decisions timely and as needed
- Escalate and document any decision that may impact or exceed the scope, budget or timeline of the project or any decision that will negatively impact quality or business value of the Project
- Prepare regular status reports including Project metrics - scope, budget, schedule and resources
- Present to ESC and to external oversight Bidder as needed

2.3 Project Oversight

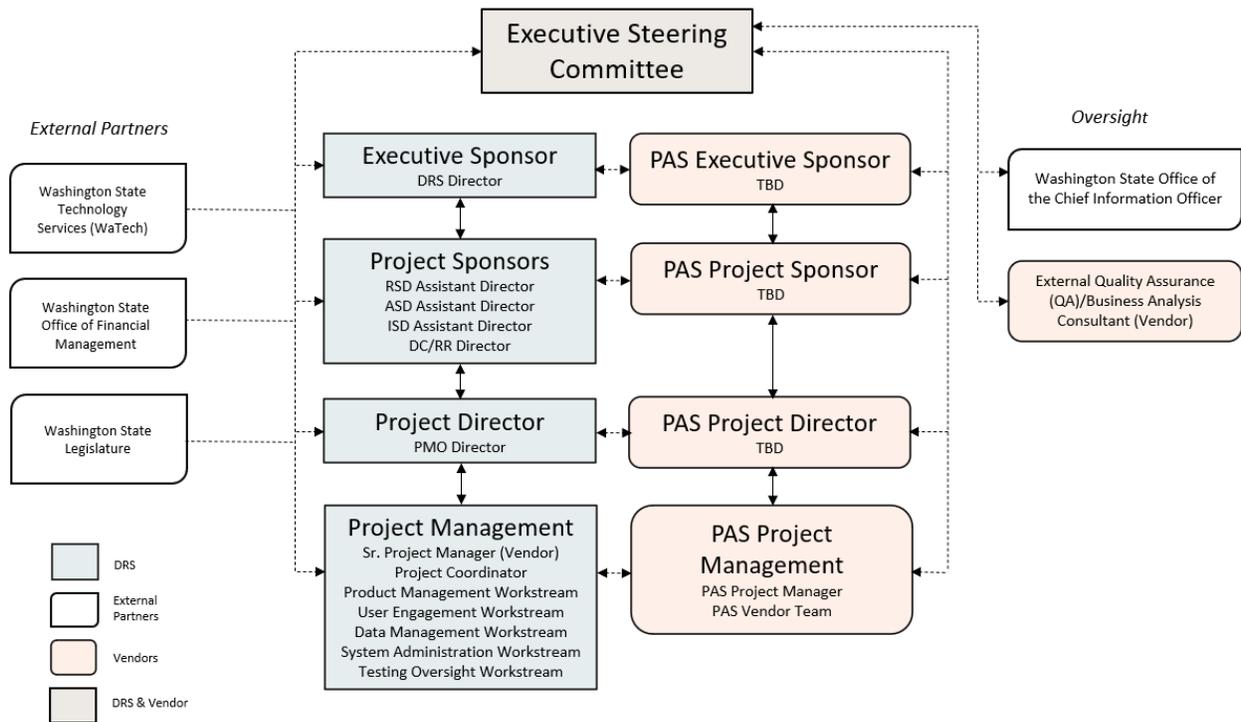
2.3.1 DRS Quality Assurance Bidder (Segal)

The primary governance responsibility for Project oversight is to verify the Project is successfully achieving its objectives while following industry standards. This Bidder will work directly with the DRS Project Director and the DRS Project Manager to:

- Provide input and oversight on the Project
- Advise DRS on industry best practices and lessons learned from other projects
- Conduct document review
- Participate in Project meetings, as needed to maintain visibility into the Project
- Provide a monthly status report that describes the Project’s current status, provides observations about the Project assesses areas of risk for the Project
- Aid DRS in addressing complex Project issues

2.4 Project Governance Structure

The diagram below illustrates the governance structure for the Project. This diagram is a visual representation to communicate the hierarchy and escalation path for reporting, approvals, and substantive changes in budget, resources, scope, and schedule.

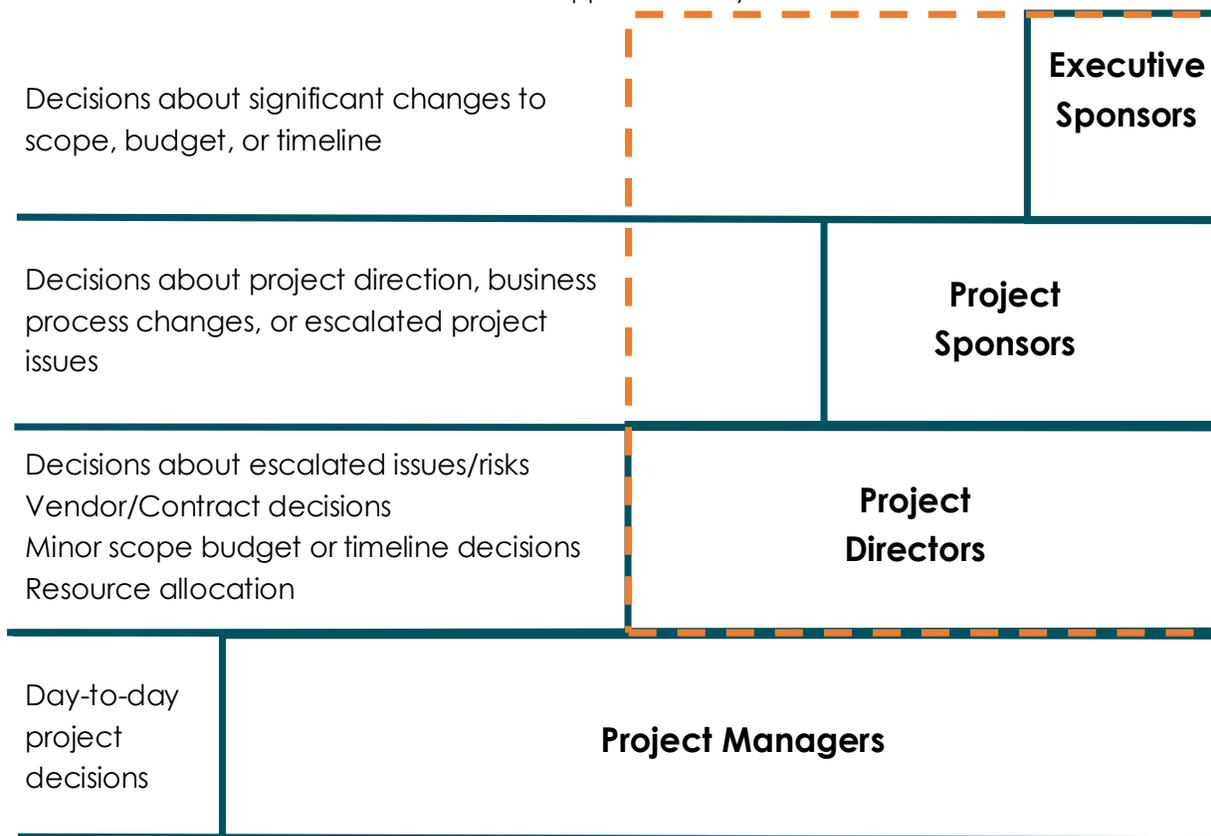


2.5 Decision Making Framework

Below is a diagram that depicts who has what decision-making responsibilities within the Project. A decision log will be maintained for the Project. All decisions escalated to the Project Sponsors or Executive Sponsor must be documented using a formal decision statement format agreed upon between DRS and Bidder.

Executive Steering Committee

- ◆ Advisory on significant changes
- ◆ Strategic project direction
- ◆ Approval of key documents



3. Accountability

As Executive Sponsors, the DRS Director and Bidder/Title have ultimate accountability for the success of the Project. However, similar to the governance and oversight functions described earlier, there are multiple layers of accountability related to the execution and management of the Project. DRS has appropriated disciplines (for example, project management standards, quality control, status reporting, budget/schedule variance reporting, risk and issue tracking) to monitor, support and manage overall Project performance. These disciplines include:

3.1 Project Management

The Project will use Project Management Institute’s (PMI) Standards as described in the Project Management Body of Knowledge (PMBOK). The Project will use either a traditional (waterfall) project

methodology or a hybrid (waterfall/Agile) project methodology, ensuring that advantages of each are incorporated into the Project to encourage flexibility, effective risk management, and delivery of value throughout the Project.

3.2 Meetings

The Project will host regular, recurring meetings to support this governance structure. For example, holding ESC meetings on a monthly basis.

3.3 Reports

A variety of reports will be produced to support consistent project management and oversight. The reports will include:

- Monthly ESC Project status reports that include any updates on issues and risks
- Monthly QA assurance reports
- Weekly workstream team reports

4. Governance Authorization

4.1 Signatures

DRS and Bidder have mutually agreed to use this document as framework for Project governance throughout the CORE: PAM Project.

Tracy Guerin, Director

Department of Retirement Systems

[Name, Title]

[Bidder]