

Queensland Health Enterprise *Solutions*
Transition

QHEST

Payroll Systems Risk Assessment

Risk Mitigation Report

DOCUMENT PURPOSE

To provide a summary of the mitigation options available to address the risks surrounding the Queensland Health payroll system.

DOCUMENT CONTROL

Version Control

Version (a)	Date (b)	Prepared by (c)	Comments (d)
0.1	26 Sep 07	P Meuleman	Draft report for review
0.4	19 Sep 07	"	Final Draft
0.5	22 Sep 07	R Fawcett	Final Report

Approvals

Name (a)	Title (b)	Signature (c)	Date (d)	Function (e)
Nigel Hey	Project Executive	See section C		Approve
Janette Jones	Senior User	See section C		Approve

Distribution

Name (a)	Title (b)	Date of issue (c)

APPROVALS

1.1 Project Executive

Signature:	_____	Business Area:	QHEST Program
Name:	Nigel Hey	Date:	_____
Position:	Program Director	Contact No:	3234 1813

1.2 Senior Supplier

Signature:	_____	Business Area:	QHEST Program
Name:	_____	Date:	_____
Position:	_____	Contact No:	_____

C.3 Senior User

Signature:	_____	Business Area:	QHSSP
Name:	Janette Jones	Date:	_____
Position:	A/Director of Payroll Establishment	Contact No:	_____

C.4 Senior User

Signature:	_____	Business Area:	_____
Name:	_____	Date:	_____
Position:	_____	Contact No:	_____

Table of contents

1. EXECUTIVE SUMMARY 5

2. BACKGROUND, OBJECTIVE & SCOPE 6

 2.1 Background 6

 2.2 Objective 6

 2.3 Scope 6

3. APPROACH 7

 3.1 Participants 7

4. ISSUES ANALYSIS 8

 4.1 Payroll Staff Workload, Error Rates and Service Levels 8

 4.2 Enterprise Bargaining Agreement Changes 8

 4.3 Lattice Support after 30 June 2008 8

 4.4 Alesco Upgrade 9

 4.5 WorkBrain Implementation 10

 4.5.1 Interface WorkBrain to Lattice 10

 4.5.2 Implement SAP with WorkBrain 10

 4.6 Data Cleansing 11

 4.7 ESP Upgrade 11

5. FINDINGS SUMMARY 13

6. MITIGATION OPTIONS 14

 6.1 Corptech Assume Lattice Support 14

 6.2 "Upgrade" from Lattice to Alesco 14

 6.3 Implement WorkBrain Interfaced to Lattice 15

 6.4 Implement WorkBrain Interfaced with SAP 16

 6.5 Mitigation Options – Advantages, Disadvantages and Risks 17

7. RECOMMENDATIONS 18

1. EXECUTIVE SUMMARY

An earlier QHEST report highlighted that there are a number of risks relating to Queensland Health's payroll systems that must be addressed if Queensland Health is remain confident in its ability to pay staff accurately and promptly. The primary risk is the potential inability to implement functionality changes to the Lattice system, particularly in light of the anticipated changes to Enterprise Bargaining Agreements commencing in the latter half of 2008.

Talent2 will cease supporting the Lattice system from 30 June 2008 and Corptech are planning to assume support of the system from that date. Corptech have confirmed that they may not be able to mitigate the risk noted above.

Corptech report that Talent2 have indicated that they are willing to provide Priority 1 support for Lattice after June 2008 on the condition that Queensland Health commit to migrating to their Alesco payroll system. *Alesco is not part of the whole-of-Government standard offering.* This is not considered a viable option as it would result in Queensland Health effectively paying for two system implementations (Alesco and whole-of-Government) and may not mitigate the Lattice risks since Talent2 have not indicated if Enterprise Bargaining Agreement functionality changes would be classified as Priority 1 support.

Conversely, the WorkBrain system is part of the whole-of-Government standard offering. If the implementation of WorkBrain was expedited, it would mitigate the risk associated with Enterprise Bargaining Agreement changes from the point of WorkBrain being operational – one prime contract candidate claims WorkBrain could be implemented by end August 2008.

The QHSSP are currently analysing service levels and formulating plans to reduce error rates. They report that the pilot site for one initiative has shown a 98% reduction in errors associated with roster changes.

It is recommended that:

- 1) A single point within Qld Health be identified to manage the overall risk mitigation and system transition projects.
- 2) Any prime contract candidate's proposal to implement WorkBrain and SAP HR be thoroughly analysed to determine if it is tenable. Additionally, a detailed analysis of the practicality of interfacing WorkBrain with Lattice be performed to establish an alternative strategy should the prime contract candidate's proposal prove unachievable.
- 3) The following three streams of work commence immediately:
 - a) **Payroll Replacement:** Work on Payroll system transition activities, such as data cleansing, in order to place Queensland Health in the best possible position for migrating to an alternative system potentially from the woG Prime.
 - b) **Payroll Risk mitigation** activities, for example:
 - i) Error reduction initiatives should be given priority and resourcing to expedite service improvement and improve stability of the existing systems.
 - ii) Queensland Health should take an active governance role in the project that Corptech are running to transition Lattice support and impress upon Corptech that anything less than a comprehensive support arrangement that addresses all risks is unacceptable.
 - iii) A contingency planning project be initiated to formulate the actions to be taken should the identified risks be realised.
 - c) **ERP Project:** Maintain focus on the final whole-of-Government solution, for example, definition of agency specific requirements and planning for implementation of finance, procurement and logistics.

2. BACKGROUND, OBJECTIVE & SCOPE

2.1 Background

The Queensland Health payroll system has evolved over time to support the payment of a large number of employees on a wide range of complex pay structures. As the system has developed it has become increasingly complex and correspondingly difficult to support. Feedback received during interviews indicates that errors in pay calculations are not uncommon due to a combination of functionality deficiencies in the system and the corresponding need for manual workarounds.

The whole-of-Government initiative, sponsored by Queensland Treasury under the Shared Services Initiative, will replace, amongst other things, the Queensland Health payroll system. The current systems must be fully supported until the whole-of-Government solution is implemented.

QHEST previously conducted a risk analysis of the current Queensland Health payroll systems to identify and quantify the key risks that threaten the viability of the systems between now and the implementation of the whole-of-Government initiative. The results of that report form the basis of this stage of the project.

2.2 Objective

The objective of this stage of the project is to identify and evaluate mitigation options to address the risks identified in the previous stage of the project.

2.3 Scope

This assessment is limited to:

- the current payroll systems, Lattice (payroll) and ESP (rostering).
- exploring the risks identified in the previous stage of the project.
- identifying and evaluating mitigation options for risks affecting the future viability of the systems up to the year 2010.
- information available from nominated stakeholders professional team members.
- a timeframe commencing 25 September 2007 and concluding 19 October 2007.

The assessment specifically excludes:

- 1) Processes not directly connected to the payroll systems.
- 2) Review of the whole-of-Government payroll solution and implementation timetable.

3. APPROACH

- 1) The assessment was conducted in accordance with the Australian Standard Risk Management Methodology (AS/NZS 4360:2004) which is consistent with Queensland Health's and QHEST's Risk Management Framework.
- 2) It was determined that given the project objective, resources available, stakeholders, timeline and deliverables that risks areas would be investigated and mitigation options explored by:
 - i) Consulting with staff from QHSSP, Corptech and QHEST.
 - ii) Collating information held by QHEST and provided by QHSSP and Corptech.
 - iii) Reviewing previous reports, and
 - iv) Allocating investigation tasks to stakeholders.The information thus collected would be fed back to QHEST representatives.
- 3) Upon collation of the above information, mitigation options will be identified, evaluated and relative advantages and disadvantages articulated.

3.1 Participants

The following staff and professionals have been involved in this assessment process:

QHSSP: Paul Monaghan, Janette Jones

QHEST: Ron Fawcett, Mark Porter, Shane Morrish, Javier Perez, Lynette Land

CORPTECH: Jane Stewart, Roland Smith, Roger Hardwicke, Mary Paschko

SMS Management & Technology consultant, Patrick Meuleman assisted with facilitation and report compilation.

4. ISSUES ANALYSIS

In the previous risk report a number of areas were identified that required further investigation in order to formulate a risk mitigation strategy. These areas are discussed and analysed in detail below.

4.1 Payroll Staff Workload, Error Rates and Service Levels

The processing of the payroll each fortnight is a mammoth task due to a combination of the sheer size of the payroll, functionality deficiencies in the system and the corresponding need for manual workarounds.

QHSSP reports that payroll staff regularly work 12 to 14 hour days to ensure that Queensland Health staff are paid on time. There is a large amount of manual checking and processing of adjustments. Payroll staff currently run 22 separate queries, some multiple times per pay period, to identify situations which may result in incorrect payments. Each query produces a list of employees' details that must be individually investigated and, if necessary manual adjustments made. Manual changes are often to correct data quality problems. There has been some difficulty obtaining metrics from the QHSSP, however, greater transparency of the issues facing the QHSSP is needed to enable appropriate corrective strategies to be developed.

The QHSSP are currently analysing service levels and formulating plans to reduce error rates. They report that early signs are promising with the pilot site for one initiative showing a 98% reduction in errors associated with roster changes. Greater transparency of staff workloads, error rates and service improvement initiatives would enable appropriate prioritising and resourcing to accelerate the reduction in current errors and improve the overall stability of the systems and processes. This in turn will facilitate migration to an alternative system.

4.2 Enterprise Bargaining Agreement Changes

Queensland Health regularly requires changes to pay entitlement calculations to be implemented in the system and with upcoming Enterprise Bargaining negotiations this requirement will continue. **All staff Enterprise Bargaining Agreements will expire by end March 2009. Agreements covering 40,000 staff will expire in August 2008 and agreements covering a further 30,000 staff will expire in February and March 2009. Based on past experience the negotiations of the new agreements will bring a number of changes that will need to be reflected in the payroll system.**

The QHSSP have advised that there is usually a lag of a few months between the expiration of an agreement and the implementation of changes based on the incoming agreement. If this holds true for the agreements expiring on 31 August 2008 then it may not be necessary to modify the system to cater for Enterprise Bargaining changes until towards the end of 2008 or early 2009.

However, re-interpretation of existing agreements and the progressive implementation of agreement provisions results in a continual need for payroll system adjustments. For example, a re-interpretation of the "Medical Officers' (Queensland Health) Certified Agreement (No. 1) 2005 (01/09/05 - 31/08/08)" affecting 1,200 Senior Medical Officers resulted in program changes by Talent2 implemented in July 2007 and manual back-payments to 1 January 2006.

4.3 Lattice Support after 30 June 2008

Corptech have approached Talent2 (Lattice software vendor) a number of times to negotiate an extension of support beyond 30 June 2008. These negotiations have been unsuccessful and Corptech are consequently no longer pursuing that course of action but rather focusing attention on the support options available under the terms of the Escrow Agreement between Talent2 and the Queensland Government.

Commercial in Confidence

Under the Escrow Agreement, the Government has a right to the Lattice program source code, if, for any reason, Talent2 ceases to support or maintain the product. However, there are constraints within the Escrow Agreement concerning the conditions for release of the source code in order to protect the Intellectual Property of Talent2. Escrow clearly articulates that the source code would be released to the licensee to enable the *licensee* to maintain or correct the software package. Corptech have received legal advice from Treasury that this would prohibit the Government from outsourcing the support of Lattice to a third party because the third party is not the licensee.

Consequently, the only alternative support option available is to support the software 'in-house'. The restriction preventing outsourcing of support discussed above does not prevent Corptech from employing contract staff to support the system but they must be staff employed on a contract basis by Corptech as distinct from a third party software support company providing support resources.

Corptech have identified two key risks to providing Queensland Health with the level of support currently provided by Talent2:

- 1) The Lattice system is written in a database and language called 'Progress'. Although Progress is a current and active development environment, it is a niche product and so experienced Progress programmers are in relatively short supply. Corptech have indicated that they are planning to recruit suitably qualified staff (and have identified potential candidates) as part of the in-house support strategy. Talent2 cite difficulty in attracting and retaining suitably skilled staff as the primary reason they are unwilling to extend the current support contract. Corptech have noted that this risk of skilled resource attraction and retention will transfer from Talent2 to Corptech.
- 2) Although Corptech note that Queensland Health is unlikely to accept any system driven limitations in the industrial negotiation process they also note that they may need to limit customisation of Lattice in order to mitigate the risk of system instability.

In light of the fact that all of Queensland Health's Enterprise Bargaining Agreements will expire between August 2008 and March 2009 it is almost certain that the Award Interpretation functionality within Lattice will need updating. The Award Interpretation functionality is arguably the most complex area of the Lattice system and given the age and history of the system, this is an area within the source code that is likely to be quite unwieldy requiring Lattice specific knowledge and skills to be successfully maintained. It is understandable then, that Corptech have noted these risks.

The information above re-enforces the previously identified risk that the Lattice system may not be able to be modified to accommodate Enterprise Bargaining changes post June 2008 and thus confirms that Queensland Health's required level of support may not be achieved.

4.4 Alesco Upgrade

Corptech report that Talent2 have indicated that they will continue to support Lattice if Queensland Health commit to a conversion to Talent2's alternative payroll product, Alesco. However, Talent2 have indicated that they would provide support for Priority 1 issues only – it is unclear if Enterprise Bargaining functionality changes would be considered Priority 1 within this context. **Moreover, Alesco is not part of the whole-of-Government standard offering so, given that Queensland Health's corporate strategy is centred on whole-of-Government, any solution based on Alesco would not be tenable.**

Corptech have undertaken some initial investigation into the work involved in migrating from Lattice to Alesco and advise that:

- 1) the Western Australia Government Department of Health, who are planning to migrate from Lattice to Alesco, have estimated that their project will take approximately 24 months to

complete. Corptech anticipate that it would take a similar timeframe to migrate Queensland Health from Lattice to Alesco.

- 2) there would be no additional software licence costs as Talent2 would trade "like for like" software application licences (e.g. Lattice Payroll module is traded for Alesco payroll module).
- 3) there should be no Oracle database licence costs as Corptech believes that the Queensland Government has a whole-of-Government Oracle licence.
- 4) the vendor implementation costs are likely to be in the order of \$6M – there would also be additional internal costs.
- 5) Talent2 have been invited to demonstrate the Alesco system and Corptech will invite Queensland Health representatives to participate.

The QHSSP believe that the systems environment that Western Australia are migrating from is more complex than Queensland Health's environment so they believe Queensland Health could be converted more quickly. 18 months for Queensland Health to implement Alesco would be a reasonable estimate. However, regardless of the precise timeframes, it is clear that:

- 1) **there are considerable time and cost implications.**
- 2) **the exact level of support Talent2 would provide is uncertain.**
- 3) **the Alesco implementation is likely to overlap with the whole-of-Government implementation so resources would be stretched across the two implementations.**
- 4) **Alesco is not part of the whole-of-Government standard offering and is therefore incompatible with Queensland Health's corporate strategy.**

4.5 WorkBrain Implementation

The WorkBrain system is a component of the whole-of-Government initiative and will handle, amongst other functions, award interpretation and then interface with SAP which will handle payroll processing and payment. The primary risk identified in supporting the Lattice system beyond June 2008 is the likely inability to modify the Lattice system to accommodate Enterprise Bargaining Agreement changes.

4.5.1 Interface WorkBrain to Lattice

It is conceptually possible to implement WorkBrain ahead of the remaining whole-of-Government implementation and interface it with Lattice rather than SAP. The upshot of this is that the award interpretation function would move from Lattice to WorkBrain and thus the risks associated with modifying that functionality would alter accordingly.

It is important to note that this solution would not mitigate other risks associated with Lattice, since Lattice would still be in operation. For example, taxation and superannuation obligations and entitlements would still be handled by Lattice so any change to that functionality would need to be effected in Lattice. Furthermore, current estimates indicate that it would take 14 to 15 months to implement WorkBrain so there will be a period beyond 30 June 2008 where Lattice would still be required to handle award interpretation.

Detailed analysis is necessary to determine precisely the work involved to implement WorkBrain and integrate it with Lattice to validate that this strategy is viable.

4.5.2 Implement SAP with WorkBrain

Alternatively, since the whole-of-Government standard offering is a solution involving a combination of WorkBrain and SAP, it may be possible to implement the components of SAP that are required to run the payroll ahead of the rest of the whole-of-Government implementation.

It is understood that one of the whole-of-Government implementation prime contract candidates has made representations that a WorkBrain/SAP solution could be implemented by 31 August 2008. If this were achievable then it would mitigate virtually all risks associated with Lattice since there would be a relatively short time between cessation of support from Talent2 for Lattice and the cut over to the new system. However, since *any* over-run in the project schedule would immediately result in the risk for Queensland Health increasing dramatically, contingency plans would need to be developed to cope with failure to deliver by 31 August 2008.

Since there is considerable discrepancy between the internal estimates currently available, particularly in relation to time frames for implementing WorkBrain and performing data cleansing and conversion, it would be prudent to thoroughly analyse the prime contract candidate's project plan. The internal estimates allow considerable time for activities such as:

- Consultation in establishing standardization with all affected areas – the prime contract candidate's proposal may assume that standards have already been established.
- Analysis, definition and negotiation of Queensland Health specific requirements – functional restrictions in the prime contract candidate's proposal may result in an untenable volume of manual work.
- Parallel test runs of the entire payroll – information available from the Department of Housing shows that their first parallel test run had a 40% discrepancy rate. If Queensland Health experienced a similar discrepancy rate then this would equate to approximately 28,000 individual pays that would take considerable time to resolve.
- Ensuring scalability of the systems – it is understood that the Department of Housing's payroll service levels needed to be relaxed because the payroll run could not be completed within previous timeframes. Since Queensland Health's payroll is several orders of magnitude larger, scalability is critical to ensuring timely processing of the payroll.

4.6 Data Cleansing

Before any alternative system can be implemented the data currently in the Lattice and ESP systems must be cleansed. QHEST have commenced planning this data cleansing activity but no time estimates are currently available. The time required to cleanse the data is dependent, at least in part, on the amount of cleansing that is necessary and there is no information currently available to estimate this.

Data cleansing may also assist in reducing errors that occur in the current processes. However, at present, there are no available estimates of the current payroll error rates that are attributable to poor data in the systems.

Since this is a necessary task and the time required to complete it is unknown, it would be best to commence data cleansing with haste in order to place Queensland Health in the best possible position to move quickly to an alternative system and, in the meantime, reap the benefit of any reduced error rates due to poor data in the current systems.

4.7 ESP Upgrade

Support of the currently installed version of the ESP Rostering system expires on 31 December 2009.

The only alternative rostering system being considered is the WorkBrain system as part of the whole-of-Government solution. If the implementation of WorkBrain were expedited then it would be unnecessary to upgrade ESP.

Commercial in Confidence

If WorkBrain is not installed and operational before December 2009 it will be necessary to undertake an ESP upgrade project with an anticipated duration of 6 months. In order to maximize the benefits of the upgrade, the upgrade project should commence as soon as possible.

5. FINDINGS SUMMARY

Investigations since the previous report have re-enforced the earlier findings that an alternative payroll system cannot be implemented prior to Talent2's support of Lattice ceasing on 30 June 2008 and that the greatest risk to payroll continuity is the inability to implement changes stemming from Enterprise Bargaining changes. :

- 1) **The QHSSP report that they are currently analysing service levels and formulating plans to reduce error rates.** They report that early signs are promising with the pilot site for one initiative showing a 98% reduction in errors associated with roster changes but that they lack the resources to quickly implement initiatives. There has been some difficulty obtaining metrics from the QHSSP – greater transparency of the issues is needed to enable appropriate corrective strategies to be developed
- 2) Corptech report that only post June 2008 Lattice system support option available to the Queensland Government is for Corptech to support the application in-house. **Bringing Lattice support in-house could do little to alleviate the risk that post June 2008 Enterprise Bargaining changes may not be able to be implemented in the system.**
- 3) The QHSSP report that it usually takes several months from when an agreement expires until the new agreement is established. Consequently, **it is likely that changes to the first round of agreements that expire on 31 August 2008 will be implemented in late 2008 or early 2009.**
- 4) **It may be possible to implement WorkBrain by 31 December 2008** and interface it with Lattice thus moving the award interpretation functionality (and thus the associated risk) from Lattice to WorkBrain. Other Lattice risks, for example the potential inability to implement tax and superannuation changes, will remain, and therefore need to be managed, even if WorkBrain is implemented.
- 5) **A prime contract candidate has stated that they could implement WorkBrain and SAP HR (with restrictions) by 31 August 2008.** Although this would mitigate virtually all Lattice related risk, any over-run in the project schedule would immediately increase risk exposure. Since internal estimates vary considerably with this timeframe a thorough analysis of the prime contract candidate's proposed project plan would be prudent.
- 6) **Alesco is unlikely to be able to be implemented any earlier than WorkBrain and is not part of the whole-of-Government standard offering. Given that Queensland Health's corporate strategy is to implement whole-of-Government then an Alesco implementation is not tenable.** Furthermore, although Talent2 will continue to support Lattice during that time, it is unclear whether this support would incorporate Enterprise Bargaining Agreement functionality changes. Implementing Alesco also means that Queensland Health would pay for two payroll systems implementations – Alesco and then whole-of-Government.

6. MITIGATION OPTIONS

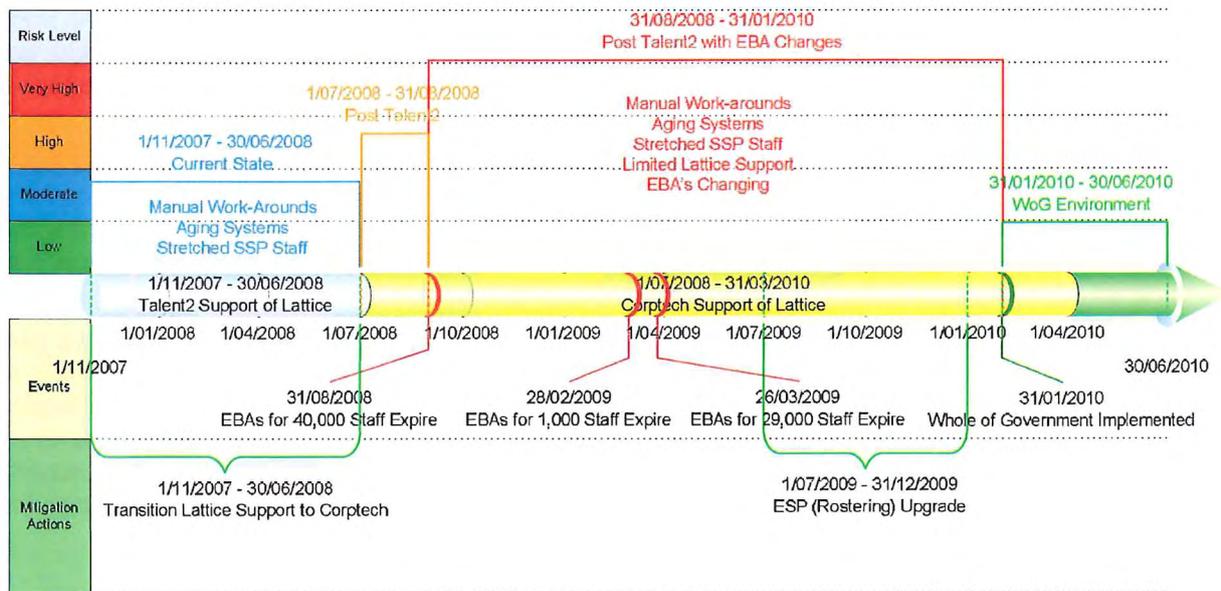
There are four mitigation options available to Queensland Health as discussed below.

6.1 Corptech Assume Lattice Support

The default option, if no other action is taken, is that Corptech will assume responsibility for supporting lattice after 30 June 2008. As discussed earlier in this report, Corptech have identified a significant risk insofar as they may need to limit functionality changes in order to guarantee stability in the system.

The diagram below outlines the risk profile and the significant events that contribute to the risk profile. The risk level for the current environment is described as 'moderate' – errors occur due to manual work-arounds, aging systems and stretched staff, however, on the whole the system is adequate. The risk level increases to 'high' once Talent2 cease support of the system and Corptech take over but few changes are anticipated. Shortly after Corptech assume support responsibility though, all of Queensland Health's Enterprise Bargaining Agreements expire and so, given Corptech's statement that functionality changes may need to be limited, the risk level increases to 'very high' and remains so until whole-of-Government is implemented.

Note that the whole-of-Government implementation date shown in the diagram is not accurate since an implementation date has not yet been set, however, present information suggests that the implementation will not occur until some time in 2010. Clearly, as the whole-of-Government implementation date moves so does the duration of the 'high risk' period.



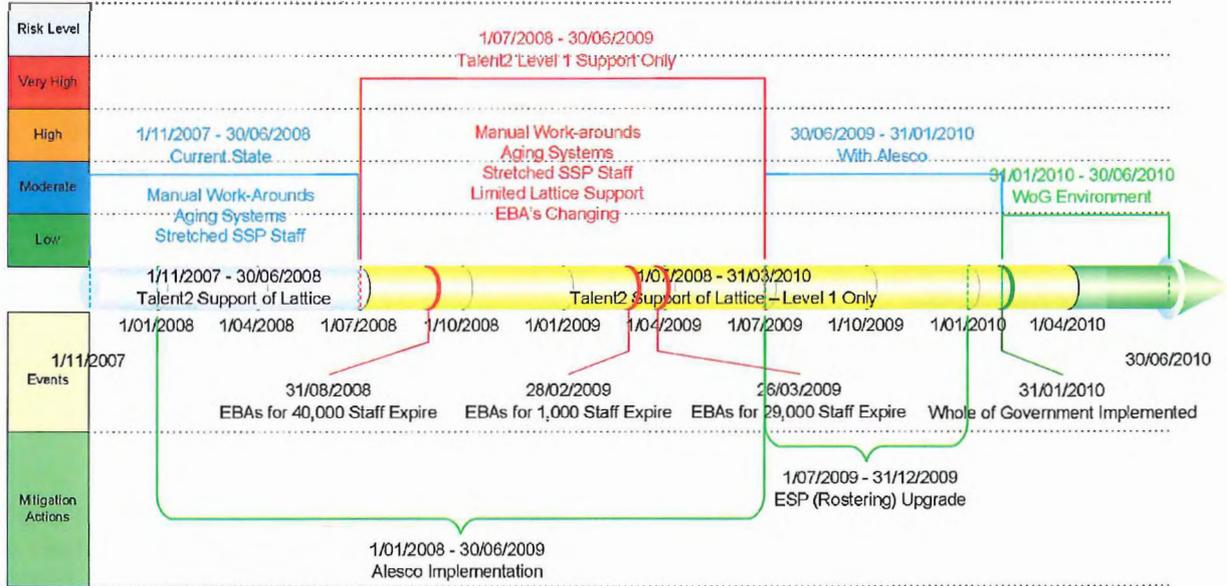
6.2 "Upgrade" from Lattice to Alesco

This option has been included for the sake of completeness. As stated earlier in this report, an Alesco based solution is incompatible with Queensland Health's whole-of-Government corporate strategy so this option is not tenable.

Corptech report that Talent2 have indicated that they will continue to support Lattice if Queensland Health commit to a conversion to Talent2's alternative payroll product, Alesco. However, they have also indicated that they will support Priority 1 issues only – it is unclear if Enterprise Bargaining Agreement functionality changes would be considered Priority 1 within this context.

The diagram below shows the risk profile under this option. The risk post June 2008 is still

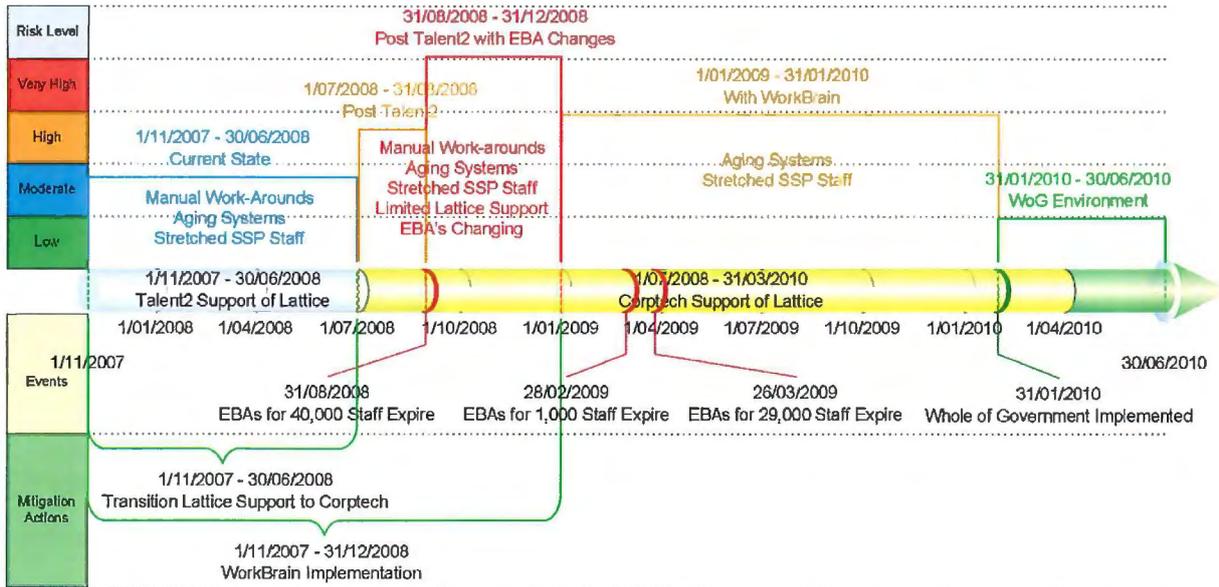
considered 'very high' but not quite as high as the option above. The reason for this is that, as previously mentioned, Talent2's definition of Priority 1 support may not include Enterprise Bargaining Agreement related changes. The risk level reduces to 'moderate' following the Alesco implementation, rather than 'low', primarily because the whole-of-Government implementation will put pressure on resources that are also committed to implementing Alesco.



6.3 Implement WorkBrain Interfaced to Lattice

The WorkBrain software will perform not only rostering functions but also Enterprise Bargaining Agreement interpretation/administration. Therefore, by implementing WorkBrain as the front-end to a Lattice back end, it becomes unnecessary to upgrade the ESP rostering system and the risk of Enterprise Bargaining Agreement functionality changes moves from Lattice to WorkBrain.

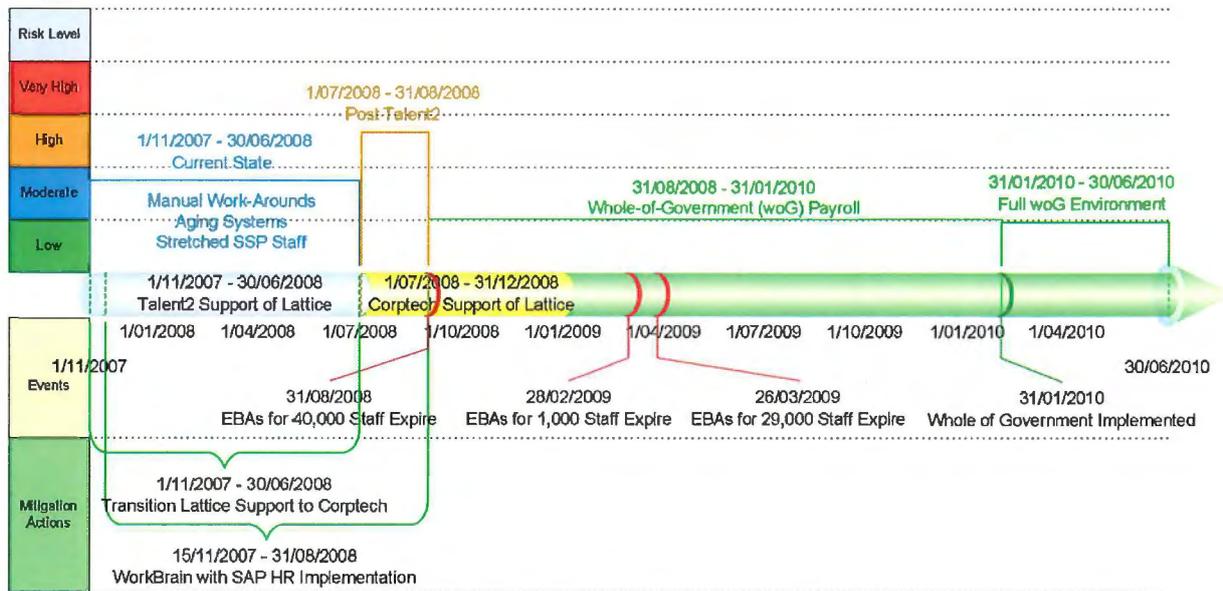
The diagram below shows that there is still a period of 'very high' risk under this option. This is when there are anticipated Enterprise Bargaining Agreement changes but the WorkBrain system is not yet operational. Any movement in the WorkBrain implementation date would clearly impact the period designated as 'very high' risk. Following implementation of WorkBrain, the risk level reduces but remains 'high' because there may be other functionality changes required, for example, taxation and superannuation, which would remain in Lattice.



6.4 Implement WorkBrain Interfaced with SAP

If the prime contract candidate can achieve a WorkBrain/SAP implementation by 31 August 2008 then it would mitigate virtually all risks in relation to the Lattice system. There would remain a relatively short period between cessation of Talent2 support and Queensland Health being operational on the alternative system.

The diagram below shows the risk profile for this option. There is still a period for which Corptech would be required to provide Lattice support and it is assumed that that support requirement would not cease (although it would diminish considerably since it would be primarily for archival and retrieval type support) immediately after the alternative system is implemented.



6.5 Mitigation Options – Advantages, Disadvantages and Risks

	Corptech Support Lattice	Implement Alesco	Implement WorkBrain Interfaced with Lattice	Implement WorkBrain Interfaced with SAP
Advantages	<ul style="list-style-type: none"> Needs to be provided unless upgrading to Alesco Avoids expense of upgrading to Alesco 	<ul style="list-style-type: none"> Talent2 will continue to support Lattice 	<ul style="list-style-type: none"> Do not need to upgrade ESP Rostering system Needs to be implemented as part of whole-of-Government anyway Addresses Enterprise Bargaining Agreement change risk 	<ul style="list-style-type: none"> Do not need to upgrade ESP Rostering system Needs to be implemented as part of whole-of-Government anyway Addresses all major risks associated with Lattice/ESP
Disadvantages	<ul style="list-style-type: none"> Need to upgrade ESP Rostering system May have difficulty recruiting skilled staff Does not address Enterprise Bargaining Agreement change risk 	<ul style="list-style-type: none"> Need to upgrade ESP Rostering system Queensland Health will pay for two payroll system implementations 	<ul style="list-style-type: none"> Still need to support Lattice in-house Only addresses Enterprise Bargaining Agreement risk – other risks remain 	<ul style="list-style-type: none"> Still need to support Lattice in-house The proposed SAP implementation is based on the Department of Housing's requirements which are likely to be different to Queensland Health's
Risks	<ul style="list-style-type: none"> May not address Enterprise Bargaining Agreement change risk 	<ul style="list-style-type: none"> If Priority 1 does not include Enterprise Bargaining Agreement changes then risk is not mitigated 	<ul style="list-style-type: none"> Although conceptually feasible, detailed analysis has not been done – e.g. interfaces to Lattice 	<ul style="list-style-type: none"> If the prime contract candidate's estimates are not accurate then risk will revert to 'very high' from 31 August 2008 until the system is operational.

7. RECOMMENDATIONS

- 1) Identify a single point within Qld Health to manage payroll continuity encompassing risk mitigation of current systems and transition to a new system. Although risk mitigation and system transition are distinct tasks, they need to be co-ordinated since they impact each other. Given the tight timeframes and high risk levels there needs to be a high level of co-ordination between the activities. Given the stakeholder and resource mix, QHEST is in the best position to manage this.
- 2) Thoroughly analyse the prime contract candidate's proposal to implement WorkBrain and SAP HR to determine if it is tenable. The proposed timeline is aggressive and needs to be analysed in terms of assumptions, functionality to be delivered and implications of time over-runs. Additionally, a detailed analysis of the practicality of interfacing WorkBrain with Lattice should be performed to establish an alternative strategy should the WorkBrain/SAP proposal prove unachievable.
- 3) Immediately commence or continue the following three streams of work in QHEST:
 - a) Payroll System transition activities, such as data cleansing, in order to place Queensland Health in the best possible position for migrating to an alternative system.
 - b) Payroll Risk mitigation activities, for example:
 - i) Initiatives to reduce current error rates should be given priority and resourcing to accelerate a reduction in errors and improve stability of the existing systems. This will not only improve the current situation but facilitate the migration to another system. Greater transparency of QHSSP issues is needed to facilitate this process.
 - ii) Since no alternative system can be implemented prior to June 2008 and Corptech must implement in-house support of Lattice, Queensland Health must take an active governance role in Corptech's project to transition Lattice support and impress upon Corptech that anything less than a comprehensive support arrangement that addresses all risks is unacceptable.
 - iii) The focus of this report is on risk mitigation, that is, the reduction of risk severity, likelihood and duration. It has not focused on contingency plans in the event that risks eventuate. Therefore a contingency planning project should be initiated to formulate the actions to be taken should the identified risks be realised.
 - c) ERP Project: Maintain focus on the final whole-of-Government solution, for example, definition of agency specific requirements and planning for implementation of finance, procurement and logistics.