STARS Integrated Tax System Modernization Project (RV23006)

State of Arizona – ADOR

Informational Update

June 19, 2024

Agency Vision

Funding Arizona's priorities through excellence in innovation, exceptional customer service experience, and public servant-led continuous improvement.

Agency Mission

Serving Taxpayers

Project Team Introduction

ARIZONA
DEPARTMENT OF ADMINISTRATION
TECHNOLOGY

Roles Present at ITAC

- Rob Woods - Director, ADOR
- Neeraj Deshpande - Deputy Director, ADOR
- Ranbir Samra - Chief Information Officer, ADOR
- Thomas Rieckhoff - Deputy Chief Information Officer, ADOR
- Zac Sharp - Deputy Assistant Director, ADOR
- Joie Estrada - Budget Director, ADOR
- Lorilea Hudgins - STARS Senior Project Manager, ADOR
- Sohrab Rezvan - Vice President and STARS Project Manager, Voyatek

Project Status

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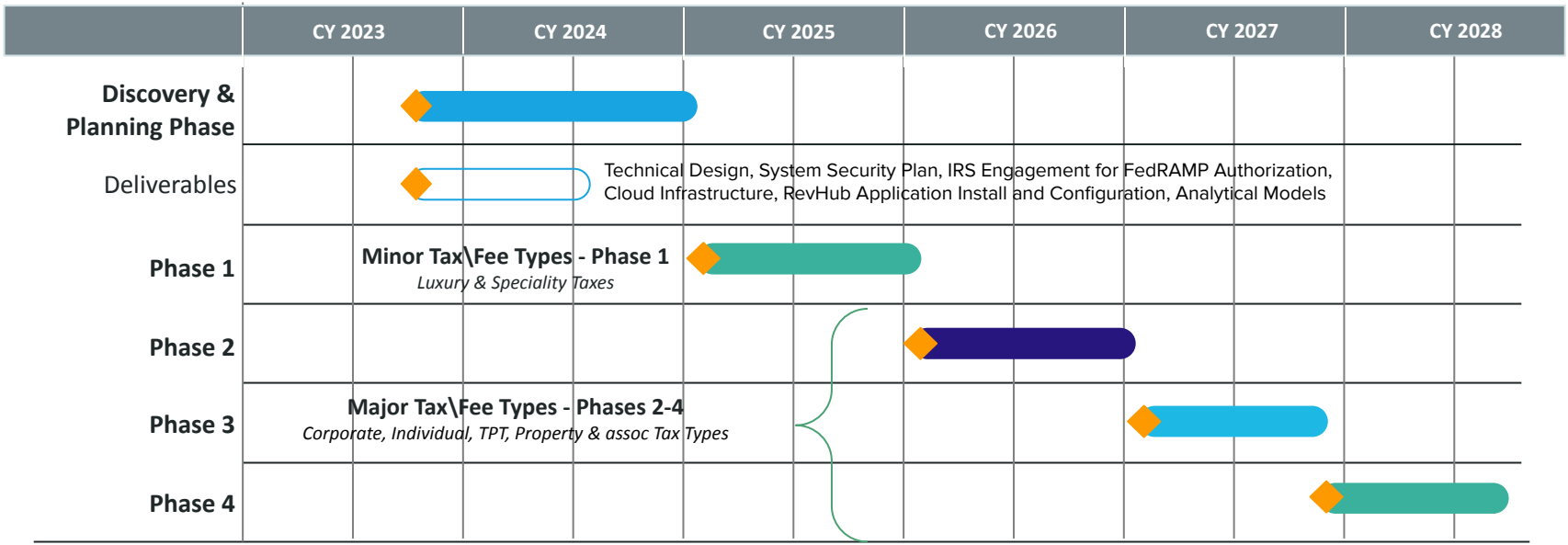
ITAC Quarterly Informational Update

- *The STARS Project Team is returning on a quarterly basis to provide a project status update as required by the ITAC condition that was approved in the December 2023 Meeting.*
- *The following slides are to serve as a project update.*

Project Update - Quarter 3 (as of 5/31/2024) - In Progress

- Completed Quarter 3 and associated Milestone 3 Deliverables
  - Project Management Tool Procedures
  - Quality Control Plan
  - Cost Management Plan
  - Requirements Traceability Matrix
- Onboarded Phase 1 Functional Leads
- STARS Project Steering Committee Approvals
  - Initial Release and Secondary Release for Luxury Liquor Tax
- Luxury Liquor Tax Implementation Plan
  - Tasks identified and added to Work Breakdown Structure
  - Project Resource Planning
- Organizational Change Management Activities
- Documents of Understanding
- Technical Milestones - Highlights include > Connectivity to STARS AWS for code deployment was completed. In addition, work commenced on the top 3 priority interfaces for Liquor Tax implementation, including: Cashier, Bank and AZ360.

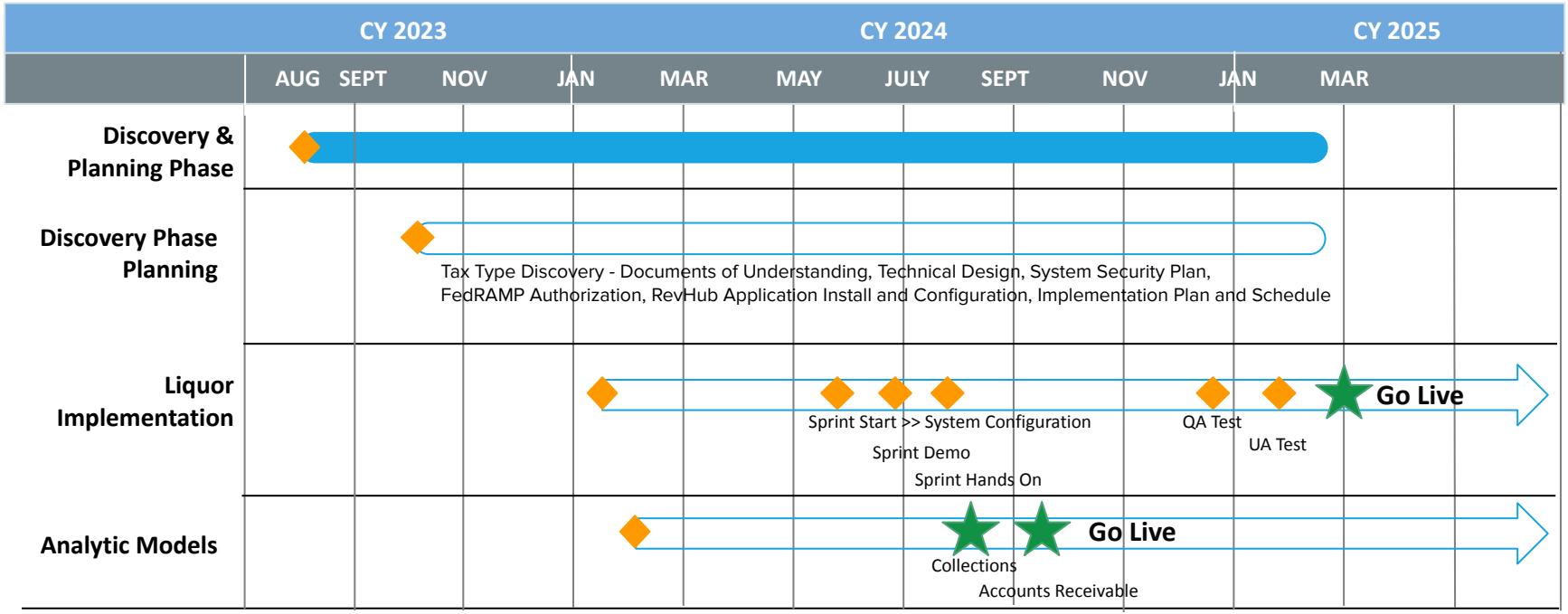
STARS Project Timeline - Overall



STARS Discovery & Planning Phase BAFO - Estimated high level timeline, to be refined during the Discovery & Planning Phase.

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

STARS Discovery & Planning Phase Timeline



STARS Discovery & Planning Phase BAFO - Estimated high level timeline, to be refined during the Discovery & Planning Phase.

STARS Project Health Card

Overall Project Health is Green

Time Period: August 2023 - April 2024

Schedule	Trending	• The STARS Project has opened a risk indicating that current planning efforts are signaling a potential delay in the delivery schedule for Liquor Luxury Tax. A mitigation plan was created and approved by the Executive Steering Committee on 5/23/2024. The final implementation plan and schedule is set to be finalized by 6/27/2024.
Milestones		• The STARS Project Major PIJ Milestones Status: ○ 8 - Completed ○ 8 - Currently on schedule ○ 2 - Schedule yellow ○ 2 - Scheduled start in the future
Budget		• The STARS Project is currently tracking under budget. Reference associated slide. • The budget, expenditures and estimates are reviewed monthly as part of the APF Financial Reporting.
Risks		• The project risks are actively managed according to the STARS Risk Management Plan. • The Gartner IV&V Risk Assessment Score for the STARS Project is Medium. These Risks are being actively reviewed and monitored according to the mitigation plan.
Issues		• The project issues are actively managed according to the STARS Issue Management Plan.

STARS Project Visual Management

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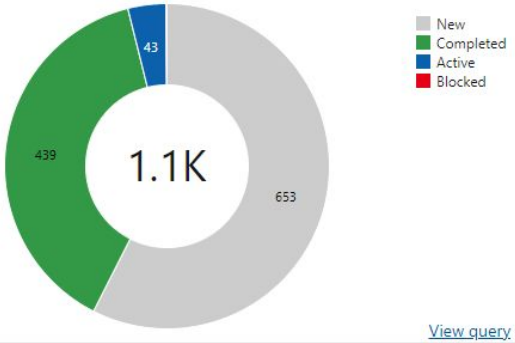
Discovery Phase Dashboard - Overall - as of 6/12/2024

STARS Project Status

- For a complete STARS WBS, see STARS Project WBS
- For STARS WBS over the next 30 days, see STARS WBS - Next 30 Days
- For additional details on project risks and issues, see Risks and Issues Dashboard
- For additional details on project deliverables, see Deliverables Dashboard

Completed	On Schedule	Behind Schedule	Overdue	Blocked
439	57	9	0	1
Work items	Work items	Work items	Work items	Work items

WBS Activity Status

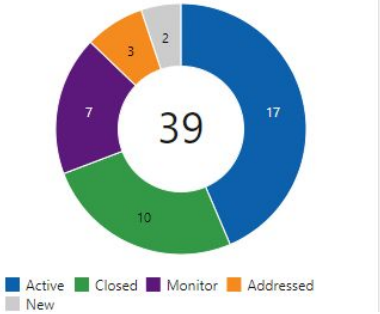


View query

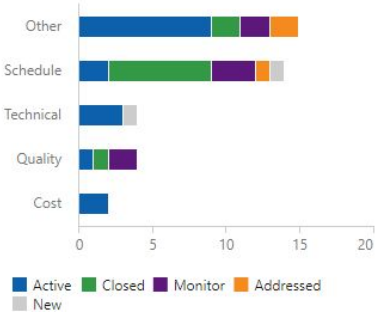
STARS Project WBS - click to expand (6)

Title	Start D...	Target Date	Perce...
Planning and Discovery Phase	8/15/20...	2/12/2025, 12:0...	64%
Phase 1 - Minor Tax and Fee Types	2/20/20...	8/7/2026, 12:00...	4%
Phase 2 - Corporate Income Tax	2/13/20...	5/14/2027, 12:0...	0%
Phase 3 - Individual Income Tax	4/23/20...	2/24/2028, 12:0...	0%
Phase 4 - TPT and Property Tax	7/1/202...	12/6/2028, 12:0...	0%
STARS Support	8/8/202...	12/31/2025, 12:...	56%

Project Risks and Issues



Risks and Issues by Impact Area



STARS Project Visual Management

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

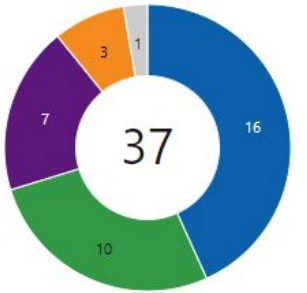
Discovery Phase Dashboard - Risks and Issues - as of 6/12/2024

Arizona Department of Revenue - STARS Integrated Tax System Implementation Project
Risks and Issues Dashboard

Quick Links

- STARS Project Overview Dashboard
- Risk Log
- Issues Log
- Decision Log

Risk Status



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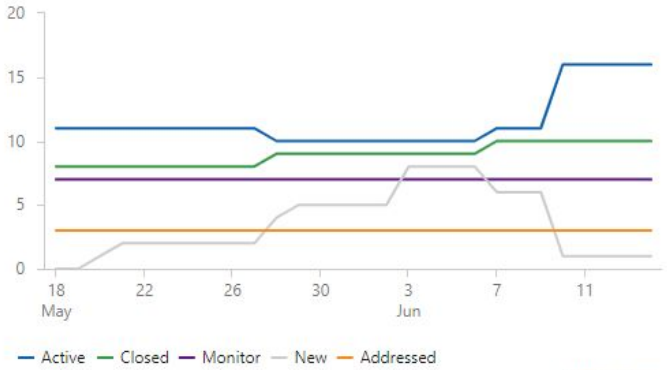
Risk Status Change Over Last Four Weeks



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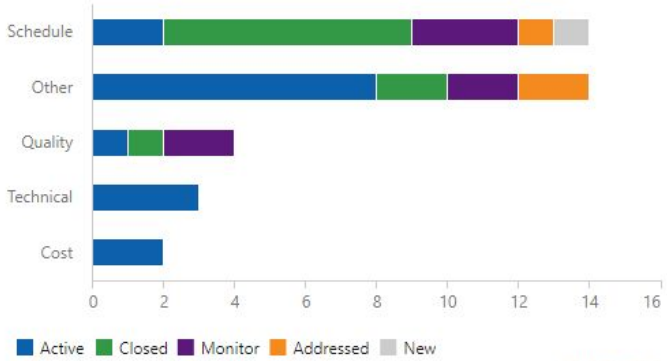
Risk Status by Impact Area



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Discovery Phase and Phase 1 Financials

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Discovery Phase and Phase 1 Financials - FY 2023 - FY 2024

Project Budget: $32,476,200
Expenditure to date: $14,029,227
Budget Remaining: $18,426,973

Pre-Project Start Date: 8/29/2022
Project Start Date: 8/8/2023
Phase End Date: 2/28/2025

	SFY 2024											
	July	August	September	October	November	December	January	February	March	April	May	June
Baseline Projection	102,800	9,252,900	102,800	1,436,200	1,624,000	214,800	2,417,458	346,900	2,695,500	544,955	608,200	2,846,700
Actual	58,778	9,104,741	91,555	1,426,744	98,108	272,306	126,885	2,369,675	225,191	275,244	0	0
Variance ($)	44,022	148,159	11,245	9,456	1,525,892	(57,506)	2,290,573	(2,022,775)	2,470,309	269,711		
Variance (%)	43%	2%	11%	1%	94%	-27%	95%	-583%	92%	49%		

NOTES:

- Variance is due to deliverables, invoice and payment timing.
- Financials do not cover the entire project budget, rather it reflects the current approved Appropriation.

Project Burndown Chart

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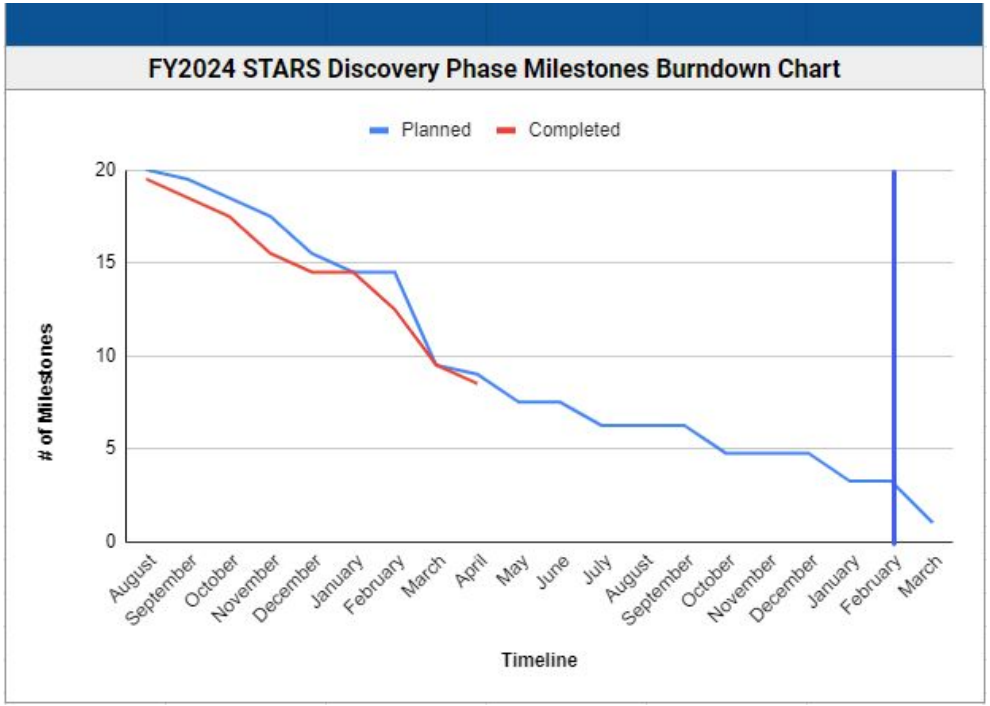
Discovery Phase Project Burndown Chart



NOTE: See Appendix for Milestone Details.

IV&V Risk Assessment Quarterly Report

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Gartner Risk Assessment Report #1 - November 2023 - February 2024

- The current Gartner Risk Assessment Score for the STARS Project is Medium.
- Risks are being actively reviewed and monitored according to the mitigation plan.
- Key Gartner Recommendations include the following:
  - Onboard STARS PM, Technical Lead and Organizational Change Management Roles
  - Fully Resource the Discovery Phase WBS
  - STARS Benefits Realization Plan
- Key Gartner Bright Spots:
  - Governance - Established Executive Steering Committee (ESC) and Agency Business Team (ABT).
  - Work Breakdown Structure (WBS) - Increased level of detail and milestones.
  - Acceleration of Liquor Luxury Tax Implementation - STARS to demonstrate tax administration capabilities of Voyatek and RevHub by accelerating delivery of Liquor Luxury Tax.
  - ADOR Business Team - Completed onboarding of ADORs ‘Best and Brightest’ functional leads/SMEs.

Q & A
Session

Thank You

Appendix

Project PIJ Milestones

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Milestone Name	Milestone Health	Status	Start Date	End Date
Project Initiation - Vendor Engagement and Onboarding		Complete	8/8/2023	11/8/2023
Project Initiation - Establish ADOR Project Governance		Complete	8/8/2023	11/8/2023
Phase Initiation - Update Communications and Stakeholder Plans according to Discovery Phase Milestones		Complete	8/8/2023	11/8/2023
Create Organizational Change Management Plan		Complete	10/16/2023	2/8/2024
Human Resources - Onboard STARS Discovery Phase Project Staff		Late	10/16/2023	2/8/2024
Budget & Finance - Statutory Requirement - Assessment Billing (2023)		Complete	9/1/2023	2/8/2024
Budget & Finance - Payment Milestone - Vendor to Invoice according to payment schedule		In Progress	8/8/2023	2/7/2025

Project PIJ Milestones

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

Milestone Name	Milestone Health	Status	Start Date	End Date
Project Execution - Deploy ITS base cloud and application infrastructure per Pub 1075 regulations		Complete	8/8/2023	2/8/2024
Project Execution - Discovery Phase: ADOR & Voyatek to jointly develop the implementation plan for the entirety of the project		In Progress	10/9/2023	2/7/2025
Project Execution - Discovery Phase: ADOR and selected Vendor to jointly develop the delivery schedule associated with the deliverables included in the Contract		Behind Schedule	10/9/2023	2/7/2025
Project Execution - Data Management Workstream		In Progress	8/8/2023	2/7/2025
Project Monitoring - Statutory Requirement - IV&V Vendor Onboarding and Project Monitoring		Complete	8/8/2023	2/8/2024
Project Monitoring - Statutory Requirement - Tax System Modernization Project Advisory Committee Engagement		Complete	8/8/2023	2/8/2024
Budget & Finance - Final Payment Milestone - Quarterly Support, Hosting and Implementation Services Payment		Not Started	2/28/2025	2/28/2025

Project PIJ Milestones

ARIZONA DEPARTMENT OF ADMINISTRATION TECHNOLOGY

Milestone Name	Milestone Health	Status	Start Date	End Date
Budget & Finance - Statutory Requirement - Assessment Billing (2024)		Not Started	9/1/2024	2/7/2025
Project Execution - Discovery Phase: Participate in Discovery and Planning activities identified in the Voyatek Project Schedule.		In Progress	2/9/2024	2/7/2025
Project Execution - Discovery Phase: Voyatek to deliver agreed upon deliverables according to the Project Strategy document		In Progress	2/9/2024	2/7/2025
Project Execution - Discovery Phase: Vendor to deliver the System Security Plan outlining the compliance plan and status for AZRamp, Pub 1075 and FedRAMP.		In Progress	2/9/2024	2/7/2025
Project Monitoring - Statutory Requirement - IV&V Project Monitoring		In Progress	2/9/2024	2/7/2025
Project Monitoring - Statutory Requirement - Tax System Modernization Project Advisory Committee Activities		In Progress	2/9/2024	2/7/2025

STARS Project Gartner Risk Assessment Report #2

STARS Risks and Issues Metrics

Active Risks		New Risks		Closed Risks		Open Issues	
Last Quarter	This Quarter	Last Quarter	This Quarter	Last Quarter	This Quarter	Last Quarter	This Quarter
21	16	6	4	0	8	0	1

Issues Log

Issue Title & Description	Category	Recommended Mitigation	Current Mitigation and Observations
I007. Lack of STARS Technical Lead. If ADOR does not have a dedicated IT Lead on the STARS project, there is a risk that the Technical Requirements may not be adequately elaborated, issues may not be identified, time may be wasted waiting for technical guidance, and knowledge transfer opportunities may be missed.	**6.1 Program Organization Staffing**	**RM07: Identify a dedicated State STARS Technical Lead.** ADOR should identify a dedicated STARS Technical Lead to direct and coordinate ADOR technical resources on behalf of the Department CIO, resolve conflicts, and oversee the overall technology direction of the STARS implementation.	Risk R007 was converted to an issue for this risk report. IV&V has observed technical issues going unresolved due to a lack of direction and coordination among ADOR and Team Voyatek technical resources. The ADOR CIO is attempting to provide STARS the necessary technical guidance while managing the Department's technology operations and other initiatives, but his time is limited. The impact is exacerbated by the ongoing lack of a Program Manager. The CIO and Project Sponsors are pulled into more day-to-day STARS activities, diverting their focus from project oversight and strategic project decisions.

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STARS Project Overview

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Preparation Activities - January 2019 to Date

- Conducted Feasibility Study - Collaboration with other state department's of revenue
  - Discussions included lessons learned, best practices
- Collaboration with Arizona State Agencies and Stakeholders
  - Cities, Towns and Counties
  - Arizona Forum for Improvement of Taxation (AFIT), Arizona Tax Research Association (ATRA) and 3rd party software vendor on current system pain points
- Data Cleansing and Preparation

Description of Project

The State has executed a contract with GCOM Software LLC to provide an enterprise platform for integrated tax administration.

- The RevHub Integrated Tax System (ITS) will contain all tax types and business functions that are administered by the Arizona Department of Revenue (ADOR).
- The RevHub ITS will contain an external facing taxpayer portal that will include all tax types & fees administered by ADOR.
- Contains a native income tax policy simulator to be used by ADOR, Office of Strategic Planning and Budget (OSPB) and Joint Legislative Budget Committee (JLBC), meeting the statutory requirement.