



June 19, 2018

Director Phipps:

Pursuant to Iowa Administrative Code rule 11—118.16(2), the Iowa Department of Administrative Services, State Accounting Enterprise (DAS-SAE) hereby requests a waiver from the requirements of Iowa Administrative Code rule 11—118.11(3) regarding the maximum duration of service contracts with respect to two separate but related agreements; namely:

1. Software Maintenance Agreement dated as of July 1, 2008 by and between the State of Iowa and CGI Technologies & Solutions, Inc. (CGI).
2. Contract # CTITQ003 XX (ITQ Agreement) between CGI and DAS (original effective date of February 20, 2002) and Statement of Work dated July 22, 2009, for IT consulting services, entered into pursuant to Invitation to Qualify (ITQ) #BD80200S102, issued June 8, 2001.

For the reasons discussed below, DAS-SAE submits that good cause exists for waiving the six-year requirement in the rule.

Background: The State of Iowa Department of Administrative Services Integrated Information for Iowa (I/3) Enterprise Resource Planning system utilizes the CGI Group, Inc. (CGI) Advantage® ERP product suite. Today, the CGI Advantage® ERP solution supports financial, budgeting, and reporting activities for virtually every agency of the State of Iowa and is the foundational software component required to process all state invoices, pay warrants, create agency budgets, and manage the financial operations of state government.


The agreements for which the waivers are requested were entered into after the I/3 system was procured from CGI through a contract entered into in September 2002, following an RFP process. On July 1, 2008, the State entered into a sole source agreement with CGI to provide ongoing maintenance and support using the Software Maintenance Agreement on the grounds that "CGI is quite obviously the most qualified vendor to provide the services, and the maintenance support services being purchased involve work that is of such a specialized nature . . . that only a single source, by virtue of experience and expertise, could most satisfactorily provide the service." In July 2009 the Department of Administrative Services issued a Statement of Work for IT consulting services under the ITQ Agreement. The Software Maintenance and ITQ Agreements were renewed such that each will expire on June 30, 2018.

Request for Waiver: DAS-SAE requests this waiver due to circumstances which occurred in the previous year. The progression was temporarily paused as a change in DAS-SAE leadership occurred. However, during this time, DAS-SAE continued to collaborate with the Office of Chief Information Officer (OCIO) to determine a recommendation of the direction in which OCIO believed the State of Iowa should proceed. This recommendation was received in DAS on May 25, 2018, not allowing DAS-SAE the necessary time to review their final recommendation. It was previously determined a competitive selection processes would not meet the State's requirements and that a sole source procurement is justified under Iowa Administrative Code rule 11—118.7. Therefore, in order to negotiate these activities while ensuring services continue to be provided during this process, DAS-SAE seeks this waiver.

Good Cause:

1. The I/3 system is foundational to the State's ability to manage its financial portfolio and conduct routine operations. No other system used by the State of Iowa has as wide an impact or as central a role in the day-to-day operation of government. Approval of this waiver request will ensure maintenance and support services are maintained in good standing such that the State can continue to retain technical problem support services from CGI Group, Inc. in the event of a system problem. Without vendor support, a system problem could result in failure to process vendor invoices, pay employees, distribute funds for entitlement programs, accept federal grant monies, and provide financial oversight for state agencies.
2. Approval of this waiver request will allow DAS-SAE the opportunity to extend the agreements through June 30, 2019, which will provide DAS-SAE the necessary time to negotiate a long-term solution on obtaining these services.
3. This waiver request meets the requirements of Iowa Code section 17A.9A(2) because:
 - a. Strict application of the rule will prevent DAS-SAE from extending the current CGI agreements which would result in DAS-SAE having no vendor to provide these services after June 30, 2018 and which could result in critical failures in the systems which process all state invoices, process pay warrants, create agency budgets, and manage the financial operations of state government;
 - b. Approval of this waiver would not prejudice the substantial legal rights of any person;
 - c. The term-limit provision of rule 11—118.11(3) is not prescribed by statute or another provision of law; and
 - d. Waiver of the rule will provide substantially equal protection of the public health, safety, and welfare as it will ensure proper vendor support to systems, which, in part, distribute funds for entitlement programs and pay to all state employees on centralized payroll.

Respectfully submitted by:


Jay Cleveland, Chief Operating Officer
State Accounting Enterprise
Iowa Department of Administrative Services

6/19/18
Date

Waiver Approval:


Janet E. Phipps, Director
Iowa Department of Administrative Services

06/19/2018
Date