

## PUBLIC SECTOR PARTNERS, INC.



### **Financial Information System for California (Fi\$cal) Project Vendor Forum 2/11/2008**

#### **Meeting Notes**

**Executive Summary:** The Fi\$cal project Vendor Forum held on 2/11/2008 entailed the presentation of a slide deck, with specific items discussed in greater detail, and a very short question and answer period. The event was attended by approximately 100 people. Attendees included IBM, Accenture, BearingPoint, CGI-AMS, Oracle, SAP and Computer Associates. The Budget for the Fi\$cal project at this point is \$1.632 billion, plus any needed IT infrastructure change. The project is slated to run through 20017/18. The RFP is slated for release in October 2008.

The slide deck for the Vendor Forum can be found at the following web address.

<http://www.fiscal.ca.gov/communications/meetings/documents/VendorForum2008-02-11v4.pdf>

**History:** The complete library of Fi\$cal information can be accessed at <http://www.fiscal.ca.gov/>

#### **Fi\$cal Vision:**

To serve the best interest of the state and its citizens and to optimize the business management of the state, we will collaboratively and successfully develop, implement, utilize, and maintain an integrated financial management system. This effort will ensure best business practices by embracing opportunities to reengineer the state's business processes and will encompass the management of resources and dollars in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset management, project accounting, grant management and human resources management.

#### **Fi\$cal Objectives:**

To achieve the project vision, the state must first modify its processes to adopt best practices and leverage the inherent efficiencies embedded in ERP tools. The central systems must then be replaced in partnership with a select number of departments that will develop end-to-end processes that will meet the needs of all departments, including the four lead agencies operating in a single statewide system. To implement the statewide vision in the most efficient manner, a Master Services Agreement will be established to support the roll out of additional departments or functions statewide. The following highlights some of the objectives of this project:

- Establish a single source of financial information through the establishment of a single statewide financial management system.
- Provide more meaningful and current financial information to decision makers and program managers.
- Provide transparent financial information for better decision making.
- Share information with the public and the state's business partners.
- Provide user friendly reporting for decision makers and stakeholders.

- Track statewide purchase volumes by vendor and/or commodity type to identify areas where quantity discounts might save money.
- Facilitate workforce mobility and efficiency by establishing portable work skills.
- Automate manual processes.
- Minimize manual reconciliations among control agencies, state agencies, and other separately maintained systems and databases.
- Increase fiscal accountability at all levels of government by allowing transparency of transactions.
- Avoid significant costs of duplicate new financial management systems throughout state government.

### California Performance Review:

Much of the Nexus for the Fi\$cal project was generated during the completion of the California Performance Review. The California Performance Review - **Government for the People for a Change** - contains four volumes of comprehensive recommendations to reform and revitalize California's state government. 275 volunteers worked tirelessly for five months examining organizational structures, analyzing data, meeting with stakeholders and compiling the recommendations (Public Sector Partners director Anthony L. Souza was chosen by the Governor's Office to serve on the Health and Human Services CPR team). Sue Bost, Fi\$cal Project Executive, recommended review of CPR to see the initial ground thought work for the Fi\$cal project. The CPR information touches on the need for the Fi\$cal project, but the analysis does not run extensively deep. The pertinent CPR analysis can be found at the following:

<http://cpr.ca.gov/report/indrpt/audit/index.htm>

<http://cpr.ca.gov/report/cprpt/issrec/stops/pbr/so38.htm>

### Fi\$cal project in the 2008/09 California Governor's Budget.

The Governor's Proposed Budget for 2008/09 provides the Fi\$cal project a separate line item within the budget. The proposed budget provides for staffing and initial contracting necessary to further the planning and procurement processes. This budget information can be viewed in its entirety at the following web address.

<http://www.ebudget.ca.gov/StateAgencyBudgets/8000/8880/department.html>

### Vendor Forum Notes:

Initial discussion focused on the completion of milestones outlined in FY 2007/2008 Budget Bill language. These included:

- Development of a Special Project Report with additional alternatives analysis (Completed)
- Development of a plan for funding and financing (Completed)
- Preparation of Report on Status of Federal Funding Negotiations (Completed)
- Transfer Oversight of Contracts to be let to California State Bureau of State Audits (Completed)
- Execute a Memorandum of Understanding with all State Agencies to ensure full compliance regarding participation in the Fi\$cal project.
- Inclusion of a Vendor Accountability Plan within the overall Project Management Plan (Completed)
- Development of a Coordination and Communication Plan (Completed)
- Development of a plan for Succession Planning

A great deal of discussion was had around the milestone related to Succession Planning. The project team is very cognizant of the impending level of state employee retirements, which are especially heavy in the budgeting and accounting fields. It is imperative that the end Fi\$cal solution be a solution that requires less staffing, is less dependent on institutional knowledge and is a modern system whose processes and procedures for us will not serve as a dis-incentive for young workers to pursue careers in state budgeting and accounting. The Fi\$cal project is partnering with the State Department of Personnel Administration the State Personnel Board to ensure that the Human Resources Modernization Project (HR MOD) addresses the unique staffing needs of the Fi\$cal project.

Discussion was had around the **key project success factors**. These include:

- Start with the End in mind. Know what we want at final implementation.
- Adopt ERP Best Practices from the Private and Public sectors.
- Change Management is the most important effort and the greatest challenge.
- This is more than System Change. There will need to be extensive business process change and Training, Training and more Training will be imperative.
- Solution must provide for centralized, service oriented control, support and maintenance.
- All state agencies must upgrade their IT infrastructure to ensure ability to use the final solution.
- There must be rigorous and integrated Project Management.

Discussion followed on the **“Why the Project is Needed”**. Issues included:

- There is a lack of complete and timely data.
- There is a high level of effort required to complete and provide data.
- Most state agencies have unique financial systems that do not inter-operate and are aging.  
(Reconciliation difficulties between financial information that lies at state agency level and DOF level, and reconciliation difficulties between like financial information that resides in separate systems, were cited as major current obstacles).
- Current processes are driven by legacy financial systems are archaic and inefficient.

Discussion followed on conceptually **“What will the Solution Entail”**. This discussion comprised two elements. The first included the **Focal business process elements** of the solution. These include:

- Financial Management
- Human Resources and Payroll Management
- Budgeting
- Asset Management
- Position Control
- Grant Management

The second included details on **what the solution will provide**. These include:

- Single System
- Will be utilized statewide and within each state agency.
- Will electronically move financial information.
- An ERP package will comprise the core of the system, but the final solution will incorporate more than one software to allow for all “Best of Breed” solution.

The last significant discussion was around the subject of **Project Approach**.

1. A “Big Bang” roll-out was deemed too risky from both an implementation and a financial perspective.
2. There will be a two pronged phasing of the implementation:
  - State Agencies will be phased in based upon urgency and readiness. Those agencies that have implemented ERP solutions will most likely be phased in first.
  - There will be a phasing of business functions, with **the Focal business process elements** discussed above, coming first.
3. Staging:

Stage 1: There will be an RFP let to build and deploy wave 1 & 2 of the phased implementation.

Stage 2: Will create and use procurement vehicles, including new state Master Service Agreements that will allow more than one vendor to continue waves 3, 4 & 5 of the phased implementation (vendors chosen in Stage 1 will NOT be precluded from performing within this stage).

Stage 3: Future Projects including implementation of the non **Focal business process elements** discussed above.

## **Recommended Reading:**

The following document is the most recent Special Project Report (SPR) and provides the latest approved project specific information, including budgets for the various elements of the project.

[http://www.fiscal.ca.gov/project\\_information/publications/documents/SPR2WEBSITE-3B.pdf](http://www.fiscal.ca.gov/project_information/publications/documents/SPR2WEBSITE-3B.pdf)