

# Meeting Minutes

## Financial and Cash Management Policy Workgroup



<b>Meeting Name:</b>	Financial and Cash Management Policy Workgroup
<b>Date:</b>	12/01/08
<b>Time:</b>	9:00 – 11:00
<b>Location:</b>	2103, Capitol
<b>Requestor:</b>	Kimberly McMurray, Project Director

### Attendees:

Name	Entity
Kimberly McMurray	DFS/Acct & Audit
Christina Smith	DFS/Acct & Audit
Bruce Gillander	DFS/Treasury
Erika Roth-Prado	OPB
Eliza Hawkins	Senate
Vince Ackerman	DFS/OSPOP
Mark Merry	DFS/Acct & Audit
Bruce Topp	House
Angela Rowe	DFS/ Acct & Audit
Susan Sloan	DFS/Acct & Audit
Jane Sowerby	AEIT
Walter Bikowitz	DMS
Renee Gunn	OPB
Joe Brigham	House / Senate
John Douglas	EOG/OPB
Bert Wilkerson	DFS/Treasury
Richard Fox	House

### Agenda:

#### Introductions

- Review Recommended Funding Option (Word Document)
- Review Recommended Enterprise Project Governance (Word Document)
- Overview on Business Process and Business Requirement Deliverable
- CFO Sink Invite to Policy Workgroup Members
- Review December Meeting Schedule

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- Task Force Mtg – Dec 10th
- Policy Workgroup Mtg – Dec 12<sup>th</sup>
- Task Force Mtg – Dec 17th
- Policy Workgroup Mtg – Dec 19<sup>th</sup>

Adjourn

### **DISCUSSION**

Christina began the meeting by introducing Mark Merry to the Policy Workgroup as the manager of the Business Process Workgroup. Staff members within this group are evaluating business processes in relation to the customizations developed during Project Aspire. Workgroup members introduced themselves again since a couple of new members joined the group.

#### Review of Funding Document

Christina reiterated that we are simply laying out funding options at this time and began the discussion with the current funding structure for FLAIR and CMS. The funding options for Project Aspire were discussed along with the implementation cost estimates from 2000 business case study conducted by KPMG.

While reviewing the introductory paragraph for the funding options, the group thought that we should expand our concerns related to funding implementation costs. These costs require the most capital upfront and can create cash flow issues, which should be emphasized in the document.

Funding Option 1 was discussed and Christina outlined the General Revenue Service Charge (GRSC) increase necessary to generate enough money from the trust funds to cover implementation and operational costs. The GRSC increase could possibly be lower if the trust fund exemptions are re-evaluated. Although this option is worth consideration, Christina explained that it is not an equitable arrangement since agencies that receive General Revenue funding would not share in the costs of the replacement system.

The group asked why there was such a large difference between the \$12 million currently funded for FLAIR and the \$2.57 million listed in the document. Christina explained that the \$2.57 million represents only the hardware, software, and a portion of the staffing costs for implementation in year three. KPMG did not include the operational staffing costs in their estimates, which is the primary reason for the large variance.

Funding Option 2 was discussed and Christina mentioned that the State would need a lot of cash upfront to cover implementation costs, which could be accomplished through a bank loan. Another concern is that each agency would need to have an appropriation to

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be able to pay the assessed user fee. Also, a law would need to be enacted in order to enforce cost sharing on state agencies.

Funding Option 3 was presented, although there wasn't much information available at this time concerning federal grants. This option could be considered as an augment to funding implementation costs for a replacement system in the future.

The "Other Concerns" section of the document was discussed. Christina mentioned that we collect roughly \$9.4 million through the SWCAP and the costs for the Division of Accounting and Auditing within DFS are close to \$10 million. Currently, the federal dollars are deposited into General Revenue unallocated. Christina proposed that we may need to consider depositing SWCAP monies into an Internal Service Trust Fund and use these funds to pay for a replacement system. Christina asked the group if SWCAP should be left in the document under the "Other Concerns" section or if it should be incorporated as another funding option. The group did not make a decision on this item and needed more time to evaluate the information.

The group had further discussion on funding implementation costs. Christina stated that the Legislature could approve at any time the implementation of a user fee for FLAIR costs, specifically as outlined in Funding Option 2. The group thought we should refrain from assessing a fee now and proposed that only the funding options should be evaluated at this time.

Business remediation costs were brought up by the group. Agencies will have an impact to their business systems when a new system is implemented and the Legislature would have to address funding for the remediation of these business systems or consider the elimination of the business system. It was suggested that the resources currently provided for shadow systems could be used to help fund implementation costs. The group felt the new governance structure should not start with a narrow scope with decision-making only on the enterprise systems. The group agreed that funding for remediation of Agency Business systems should be mentioned in the "Other Concerns" section of the document.

### Review of Project Governance Document

Christina discussed the modifications made to the document. The group discussed the potential need for rules/policies that mandate a project governance structure. In the future AEIT could establish rules that require information technology projects to have a project governance structure. A group member mentioned that this responsibility could be incorporated in the enterprise governance structure.

The group discussed the roles of the Project Director and Project Manager. Christina commented that smaller projects typically don't have a Project Director and a Project Manager. These roles are handled by one individual under the circumstances. Also, the Financial Committee may not necessarily work with the Steering Committee; however,

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the Financial Committee may let the Steering Committee know when they need to report on progress to the Governor and Cabinet.

Christina noted that the Project Governance document will be added to Section 7 of the Governance document.

### Overview on Business Process and Business Requirement Deliverable

Mark provided an overall summary of the goals for this deliverable, which was to prepare an analysis that identified the reason for customizations to the software. The analysis included looking at functional requirements, functional specifications (ADMLs), and their relationship to business processes.

Mark presented a spreadsheet that outlined the relationships between customizations and the business processes. This spreadsheet was broken out by major business processes. The ADMLs denoted in yellow represent the customization relationships pulled out of the analysis since the customization was not completed, not approved, or not related to the business processes. These ADMLs were related to system conversions, workflow, canceled ADMLs and ADMLs to be developed in a future release; therefore we didn't want to evaluate them at this time.

There was discussion among the group as to whether the State could change the way it does business or if we could reengineer business processes. The spreadsheet could be used as a basis for the process that needed reengineering in the future. Based on the analysis conducted, the two main business process functional areas that would require the heaviest reengineering would be Procurement to Payment and Recording (Control) to Reporting. The workgroup agreed that we should begin reengineering business processes now by setting up a group to accomplish this task. Additionally, if the legislation proposed by the Task Force is adopted, then we can begin reengineering business processes that are not under the CFO's purview.

Christina walked through the schedule of upcoming meetings for the Policy Workgroup as well as the meetings for the Task Force. She informed the members that the work in January will entail developing the Strategic Plan and completing the proposed legislation.

Christina also mentioned that the CFO would like to extend an invitation to the Policy Workgroup members to attend the next Task Force meeting so that she could thank the group for their work.

The meeting was adjourned.