

**Financial and Cash Management Task Force**  
**Governance Recommendation**



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# 1 Governance

## 1.1 Introduction

What is governance? Governance, by definition, is to control and direct the making and administration of policy. This definition can be applied in many areas both at the macro and micro levels in State Government. A governance structure can issue policies on the management of IT resources or management of projects at the micro level. A governance structure can also make strategic business decisions at the macro level. All levels of governance have a inter-relationship and impact on the organization. There is not a “one-size-fits-all” approach for governance in the public sector.

### 1.1.1 IT Governance

An Agency’s IT governance model provides for the efficient and effective management of IT resources. The governance model is typically used for organizations with a variety of customers with competing priorities. The governance structure allows input from the customer, IT staff, and CIO with decisions made by Agency leadership. Here are some examples of the items taken into consideration in the IT governance process:

- IT staffing level and level of expertise
- Level of effort
- Availability of existing technology vs. new acquisitions
- Management’s priority of requests and current assignments

### 1.1.2 Project Governance

A Project’s governance model provides for an efficient and effective process for making decisions that impact the overall success of the project. The governance structure allows input from Project staff, external entities, and Project Director with decision by the Steering Committee or Project Sponsor. Here are some examples of the items taken into consideration in the Project governance process:

- Impact on scope
- Impact on schedule
- Impact on funding

### 1.1.3 Enterprise Governance

An Enterprise Governance model provides a process for making strategic business decisions and the establishment of policies that impact the entire organization. The governance structure allows input from various components/divisions of the organization with decision by the key stakeholders for the business. In the public sector, this can be applied to how an Agency manages decisions related to their Long Range Performance Plan. It can also be applied to how the Executive branch manages the business needs from State Agencies. Here are some examples of the items taken into consideration in the Enterprise governance process for the public sector:

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- Promotes accountability and fiscal responsibility
- Promotes public services for citizens
- Impact on budget
- Requirement in state law or rule

### 1.1.4 Elements for Effective Governance

The effectiveness of any governance program is determined by management's commitment, resolve, and oversight. Management should set the governance mission, goals, objectives, and direction. An effective governance structure should:

- Be transparent and accountable
- Have clearly defined roles and responsibilities
- Have a clearly defined escalation process that identifies when issues need to be raised to the decision making group
- Have a clearly defined decision making process that supports both a proactive approach for new ideas and reactive approach for resolving issues
- Make decisions in a reasonable time frame

## 1.2 Background on State Governance

The State of Florida has many governance entities that perform oversight, decision making, or sets policy for business process, business systems or specific state entities.

### 1.2.1 FMIB and FMIS Council

The Florida Financial Management Information Systems Act (FFMIS), Section 215.90 F.S., was created by the Legislature with the intent that the executive branch, in conjunction with the legislative fiscal committees, would develop and implement the Florida Financial Management System. This integrated system would serve the purpose of managing the financial affairs of state government. The Financial Management Information System Board (FMIB) and Coordinating Council are the policy bodies that monitor the activities and implementation of FFMIS. The FMIB members are the Governor, Attorney General, Chief Financial Officer and Commissioner of Agriculture. The Council members are the Chief Financial Officer, Commissioner of Agriculture, Secretary for Department of Management Services, Attorney General, and Director of Planning and Budgeting, Executive Office of the Governor, or their designees.

The Florida Financial Management System, pursuant to Section 215.93 F.S., is comprised of the Legislative Appropriation System – Planning and Budgeting Subsystem (LAS/PBS), the Statewide Purchasing Subsystem (SPURS), the Florida Accounting Information Resource Subsystem (FLAIR), the Cash Management Subsystem (CMS), and the Cooperative Personnel Employment Subsystem (COPES).

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The FMIB is tasked, pursuant to Section 215.91 F.S., with adopting policies and procedures to:

- (a) Strengthen and standardize the fiscal management and accounting practices of the state;
- (b) Improve internal financial controls;
- (c) Simplify the preparation of objective, accurate, and timely management and fiscal reports; and
- (d) Provide the information needed in the development, management, and evaluation of public policy and programs

The Coordinating Council is tasked, pursuant to Section 215.91 F.S., with the approval and oversight on:

- (a) information subsystems' designs prior to the development, implementation, and operation of the subsystems and subsequent proposed design modifications
- (b) the exchange of unified and coordinated data between information subsystems
- (c) resolution of problems between functional owners

The FMIB and the FMIS Council have not held a meeting since January 2005.

### 1.2.2 ERP Integration Task Force

The FMIB established the Enterprise Resource Planning Integration Task Force to provide recommendations to the FMIB in an effort to facilitate the successful and efficient integration of the central administrative and financial management information systems.

On November 25, 2003, the Task Force submitted its first set of recommendations to the FMIB. The report contained the following recommendations:

- (1) Adopt the goal of determining the best means of satisfying the enterprise information and reporting needs of Florida State government and direct the Task Force to produce and publish an Enterprise Information Needs Analysis as a first step toward that goal.
- (2) Undertake legislative action to modify the membership of the FMIB to include the Commissioner of Agriculture and that the membership of the ERP Integration Task Force be modified to include his designated representative.

The FMIB adopted both of these recommendations.

The Task Force enlisted the professional expertise of Worldwide Integration to provide an integration assessment of FMIS to the Task Force and FMIB. The report was published on December 10, 2004 and contained several recommendations. The FMIB adopted most of the recommendations.

The ERP Integration Task Force has not held a meeting since January 2005.



### **1.2.3 Council on Efficient Government**

The Legislature passed the Florida Efficient Government Act of 2006, Section 287.0571 F.S., which created the Council on Efficient Government. The Council established standards for business case studies and issued policies requiring the review/approval of a business case study for any outsourced project exceeding \$10 Million.

## **1.3 Current State Governance**

The failures and ineffectiveness of the State's governance structures has resulted in the core business functions being governed independently.

### **1.3.1 FLAIR**

Current governance structure for the Florida Accounting Information Resource System includes the following entities:

- FLAIR User Group
- FLAIR Enhancement Committee
- Chief Financial Officer

### **1.3.2 CMS**

The Chief Financial Officer governs the Cash Management Systems.

### **1.3.3 PeopleFirst**

Current governance structure for PeopleFirst includes the following entities:

- User Group
- DMS
- Governor

### **1.3.4 MyFloridaMarketPlace**

Current governance structure for MyFloridaMarketPlace includes the following entities:

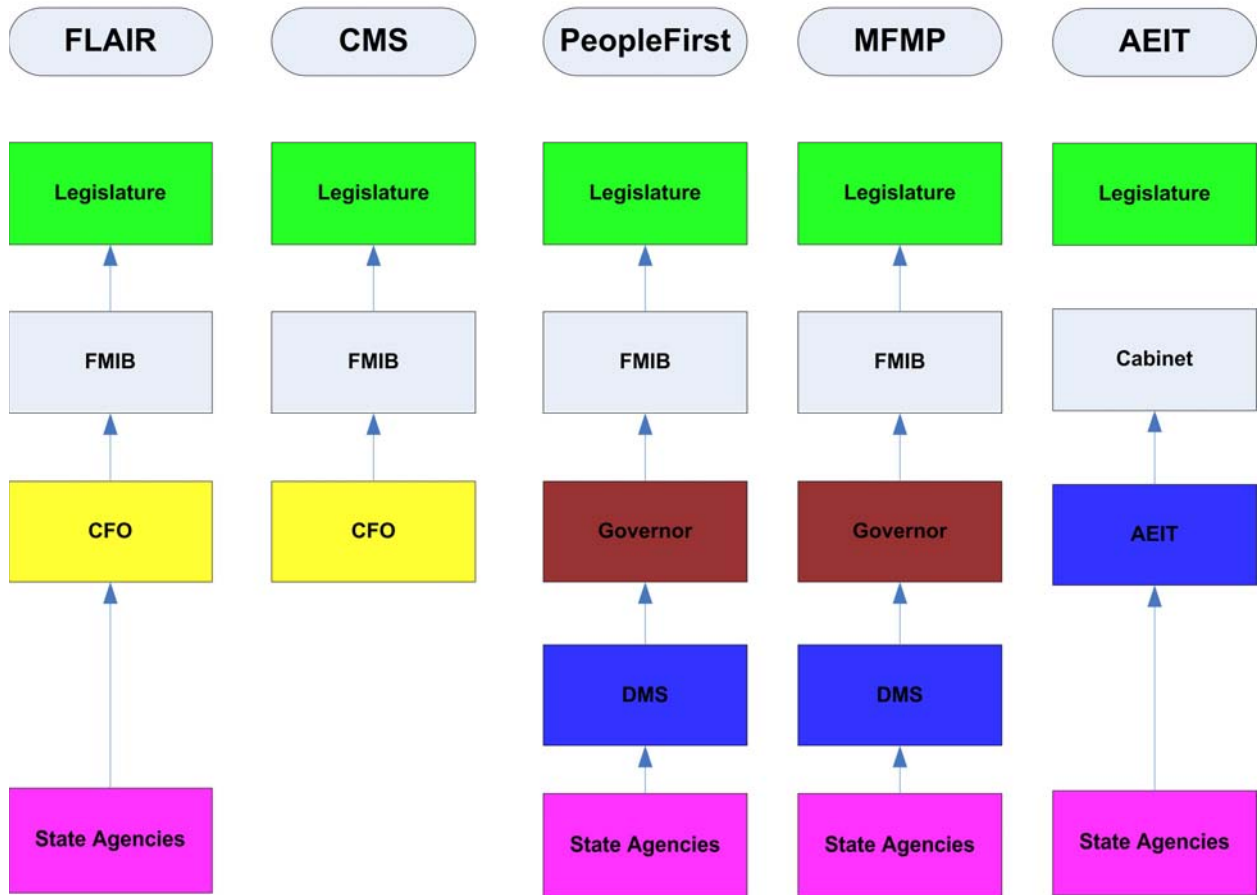
- User Group
- DMS

### **1.3.5 Agency for Enterprise Information Technology (AEIT)**

**TBD**



### Current Governance Structure



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### Known Failures in Current State Governance

The known failures of the State's governance have been documented in various reports. The industry is also recognizing that one of the major weaknesses in organization's implementing ERP systems is a lack of a governance structure that addresses all the core functions.

	Source	Failure	Recommendation
1	Council on Efficient Government: Report to the Governor (1/17/08) - <b>Executive Sponsorship</b>	In 2004, various representatives on the project's Board of Directors disengaged and left the project. Top level sponsorship was no longer actively participating in Project Aspire. Loss of this executive project sponsorship from the three bodies of government was another major issue negatively impacting the project's success.	Stakeholder input is vital to any successful project. Stakeholders should be engaged early in the planning process and input should be obtained and considered prior to the implementation of a project. Ongoing communication is also required to assure stakeholders that their input is being appropriately considered and included in the project plan. Consultation with stakeholders should also occur regarding major decisions impacting the project.
2	Council on Efficient Government: Report to the Governor (1/17/08) - <b>Project Related Decisions</b>	Insufficient attention was given to proper planning and the improvement of existing business processes before investing in the IT solution to support them. The State of Florida was impacted by the investment in a new system for which agencies had not adequately planned, and which ended up not being deployed.	Government must have the ability to adapt processes to incorporate efficiencies that new technology offers. Care must be given to changing business process to take advantage of the capabilities of new systems and not encumber the new system with processes that conforms to historical business methods. Focusing on stakeholder education supports successful change management. Managers must be able to educate stakeholders on the value of the new methods and procedures to reduce resistance to necessary changes.
3	Council on Efficient Government: Report to the Governor (1/17/08) - <b>Integration</b>	State agencies were required to re-engineer systems that currently interfaced with FLAIR along with associated business processes. These modifications were difficult, time-consuming and expensive to the agency. This project has a high level of complexity because of the numerous programs it integrates with. Potential integration problems still exist today as it is uncertain how the next system will integrate with future versions of current key operating systems.	Based on this project review and the relationship between the three projects, it appears that the State does not have one consistent long-term strategic plan for key internal technology and infrastructure systems. There is no significant high-level vision or sponsor. An original business case concept was based on implementing an enterprise wide system but the state implemented three separate systems with extensive customizations made within each project in order to achieve desired outcomes. These outcomes did not relate back to any specific enterprise wide vision or objective.
4	Gartner: Project Aspire Evaluation (5/17/07) - <b>Key Finding #1</b>	There is a lack of an executive governance process to provide discipline, executive guidance and decision making.	Improved governance should be introduced to allow the State to standardize its processes and align them to best practice, thereby lowering the number of necessary customizations, and the complexity of the Aspire application.
5	Gartner: Project Aspire	There is no statewide ERP vision and	Develop a statewide ERP strategy for the State

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	Source	Failure	Recommendation
	Evaluation (5/17/07) - <i>Key Finding #2</i>	strategy.	of Florida encompassing the administrative functions and processes of the State.

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