



Financial and Cash Management Task Force

Enterprise Governance

October 21, 2008



Purpose of Meeting

- Gain an understanding of governance issues for the replacement of the accounting and cash management systems
- Review State's statutory governance entities
- Discuss issues with State's current governance
- Discuss recommendation for governance going forward



Agenda

- Introductions
- Purpose of Meeting/Agenda
- Why address governance?
- Florida's Current Governance
 - Florida Financial Management Information Systems Act
 - Council on Efficient Government
 - Agency for Enterprise Information Technology
- Are there deficiencies in the State's governance?



Agenda

- Who is actually governing?
- How does governance become effective?
- Recommended Enterprise Governance
 - Strategic Enterprise Business Plan
 - Enterprise Governance Structure
 - State Agencies/Users
 - Business Owners – Enterprise Functions
 - Enterprise Committee
 - Enterprise Policy Council
 - Legislature



Agenda

- Concerns with recommendation?
- Other Issues?
- Next Steps
- Adjourn

Why address governance?

Why address governance?

- The current accounting and cash management systems interface with:
 - People First
 - MyFloridaMarketPlace
 - SPURS
 - LAS/PBS
 - Suntax
 - Approximately 300 agency business systems

Why address governance?

The current accounting and cash management system's integration with other systems is complex and makes it very difficult to address changes.

The Department is constantly challenged with making changes that improve the State's financial reporting but may have a negative impact on one or more of the systems that integrate with FLAIR and/or CMS.

Why address governance?

Project Aspire did not have the support of a governance structure that provided an enterprise strategic plan for the integration/standardization of business processes.

Lack of governance resulted in:

- Inability to minimize customizations
- A design that included 201 Interfaces and 120 Enhancements
- General concern that upgrades to the application would overwhelm the State

Why address governance?

Gartner's evaluation of Project Aspire

- Finding #1 – Lack of an executive governance process
- Finding #2 – No statewide ERP vision and strategy
- Finding #3 – External environment changes affect long-term viability

Gartner's recommendation

1. Establish a governance and funding process
2. Develop a statewide ERP strategy
3. Select a System Integration partner

Why address governance?

Council on Efficient Government: Report to the Governor on MyFloridaMarketPlace, People First, and Project Aspire

- **Business Process Change** – Government must have the ability to adapt processes to incorporate efficiencies that new technologies offer. Stakeholders must understand that compromises must be made and that they may be asked to reconfigure or eliminate old processes.
- **Nature of State Governance** – Public policy changes related to changes in the administration and legislatures as well as political pressure from internal and external sources are difficult if not impossible to build into any project plan.

Why address governance?

- Findings from both reports support the need to establish an enterprise governance structure and develop a Strategic Enterprise Business Plan
- Historically, the State has been ineffective at addressing business process changes
- Large investments have been made in new technologies to support the State
- Inability to get reliable information to policy makers still exists

Florida's Current Governance

Florida's Current Governance

- Florida Financial Management Information Systems Act (FFMIS), Section 215.90 F.S.
 - Financial Management Information Board (FMIB)
 - FFMIS Coordinating Council
 - ERP Integration Task Force (sunset 7/1/05)
- Agency for Enterprise Information Technology, Section 14.204 F.S. (created 7/1/07)
- Council on Efficient Government, Section 287.0571 F.S. (created 7/1/06)

Florida Financial Management Information Systems Act

Intent of the Legislature that the executive branch of government, in consultation with legislative fiscal committees, specifically design and implement the FFMIS to be the primary means by which state government managers acquire and disseminate the information needed to plan and account for the delivery of services to the citizens in a timely, efficient, and effective manner.

Florida Financial Management Information Systems Act

- FFMIS shall
 - Be a unified information system providing fiscal, management, and accounting support
 - Provide a means for coordinating information that supports state planning, policy development, management, evaluation, and performance monitoring
 - Be the primary resource that provides accountability for public funds, resources, and activities

Florida Financial Management Information Systems Act

- FFMIS shall include but not be limited to:
 - Planning and Budgeting Subsystem (LAS/PBS)
 - Florida Accounting Information Resource Subsystem (FLAIR)
 - Cash Management Subsystem (CMS)
 - Purchasing Subsystem (SPURS/MFMP)
 - Personnel Information System (People First)

Financial Management Information Board

- Members are the Governor and Cabinet
- FMIB is responsible for:
 - Adopting policies and procedures through the FFMIS Coordinating Council to:
 - Strengthen and standardize the fiscal management and accounting practices
 - Improve financial controls
 - Simplify the preparation of fiscal reports
 - Provide the information needed in the development, management, and evaluation of public policy and programs

FFMIS Coordinating Council

- Members designated by Governor and Cabinet
- Council is responsible for the approval and oversight on:
 - information subsystems' designs prior to the development, implementation, and operation of the subsystems and subsequent proposed design modifications
 - the exchange of unified and coordinated data between information subsystems
 - resolution of problems between functional owners

ERP Integration Task Force

- The Enterprise Resource Planning Integration Task Force was established in the GAA Implementing Bill for 2004 (HB1837, Section 26)
- The Task Force was to provide recommendations to facilitate the successful and efficient integration of FFMIS including the Aspire project
- The Task Force published a report in December 2004 with its recommendations
- The legislation that created the Task Force expired July 1, 2005

Council on Efficient Government

- Council on Efficient Government (CEG) was created in July 2006 (Chapter 2006-224)
- CEG is responsible for:
 - Employing a standard process for reviewing business cases to outsource
 - Reviewing and evaluating business cases to outsource no later than 30 days before issuance of a solicitation of \$10 million or more
 - Providing an advisory report of the business case to Governor, Senate, and House

Agency for Enterprise Information Technology

- Agency for Enterprise Information Technology (AEIT) was created in July 2007 (Chapter 2007-153)
- AEIT is responsible for:
 - Developing strategies for the design, delivery, and management of enterprise IT services that are defined in law
 - Establishing policies for the management and oversight of enterprise IT services and the projects to implement these services

Are There Deficiencies in the State's Governance?

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Florida Financial Management Information Systems Act

- The Council has not met since January 2005
- It appears that decisions were driven on a system by system basis
- Decisions did not appear to focus on business process changes
- ERP Integration Task Force appeared to begin the process of looking at integration but still not focused on business processes

Are There Deficiencies in the State's Governance?

Council on Efficient Government

- Minimal number of business cases have been brought to the Council
- Is there conflicting authority with FMIB if the outsourcing is for a FFMIS subsystem?

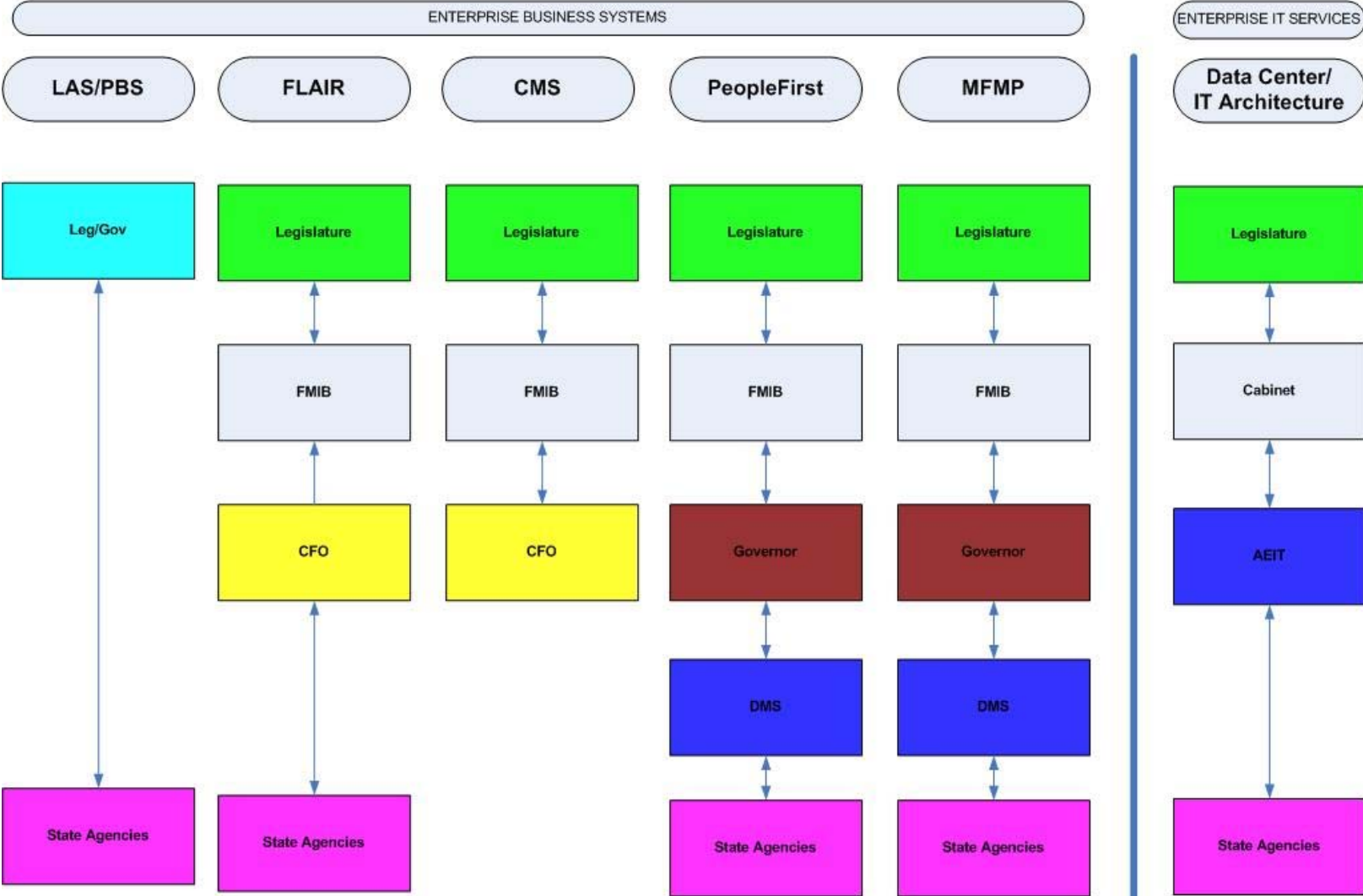
Agency for Enterprise Information Technology

- AEIT's oversight is currently limited to State's data center system
- What role should AEIT have in governance of FFMIS?

Who is actually governing?

The State's business functions are being driven by the FFMIS system's supporting the business functions and the needs of State Agencies' business systems. Decisions are addressed on a system by system basis.

Current Governance



How does governance become effective?

- Governance must focus on State's business processes and enterprise reporting needs
- FFMS and Agency Business Systems must support the business processes and reporting requirements for the State
- Re-establishment of a governance structure that has the appropriate authority and membership to establish a Strategic Enterprise Business Plan for the State

Governance Going Forward

Recommended Enterprise Governance

- Must have defined roles, responsibilities, and understanding of the relationship between each role
- Membership, responsibilities and decision making process need to be established in law
- Governance will focus on a Strategic Enterprise Business Plan for the State and decision making process for changes to the plan

Strategic Enterprise Business Plan

- Enterprise governance will prepare a Strategic Enterprise Business Plan that addresses the core business functions for the state:
 - Human resource management
 - Procurement to payment
 - Asset management
 - Revenue and cash management
 - Budget control
 - Project cost reporting
 - Grant reporting
 - Financial reporting

Strategic Enterprise Business Plan

The Strategic Enterprise Business Plan should include the following:

- **Standard business processes** – Flow diagrams outlining the high-level process steps that must be followed by all the State Agencies. The diagram will also indicate the systems that perform these functions and the integration points with other systems.
- **Recommended Business Process Improvements** – Recommendations on process improvements for the upcoming fiscal year that include the associated impacts to existing systems, State's total life cycle cost, and enterprise reporting.
- **Enterprise Policies** – Recommendations on new policies required in law to support the enforcement of standard business processes, enterprise reporting requirements, and business process improvements.

Strategic Enterprise Business Plan

- **Enterprise reporting needs** – A listing of the type of information associated with each business process that is currently provided to the State’s policy makers. The list should include new reporting needs that will be implemented over the next fiscal year.
- **Enterprise Data Management Plan** – Documentation of current data management in all enterprise systems, who maintains the data, measures for maintaining data security and integrity, and identification of data redundancy. Risk assessment on access to data. Plan on improving internal controls and efficiencies in the management of data in enterprise systems.
- **Current Life Cycle Costs** – Identification of the life cycle cost to maintain the current enterprise systems and IT environment.

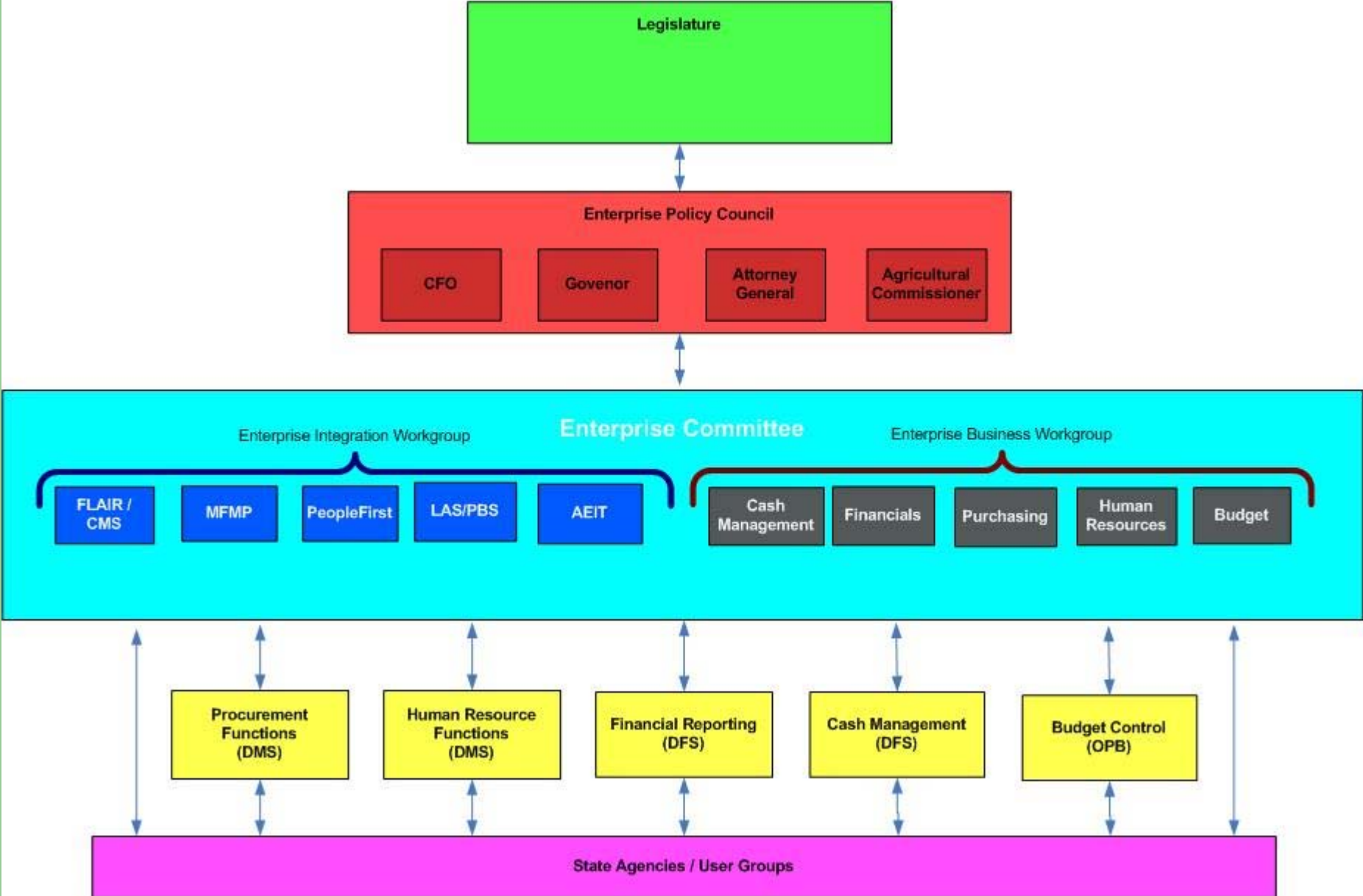
Strategic Enterprise Business Plan

- **Enterprise Architecture Plan** – Documentation of the enterprise hardware/software architecture that supports the enterprise business processes and enterprise reporting. Plan should include recommendations on hardware/software purchases that would improve the performance of the State's business processes and reporting needs.
- **IT Environment/Standards** – Document the current IT environments (i.e., network, web-portals) being used by the enterprise systems and measures being taken to ensure access control. Include recommendations on improving access control or system performance.

Enterprise Governance Structure

- Enterprise Governance should have five levels:
 - State Agencies\User Groups
 - Business Owners of Enterprise Functions
 - Enterprise Committee
 - Enterprise Policy Council
 - Legislature

Recommended Governance Structure



State Agencies/User Groups

- State Agencies have historically made requests to change the enterprise systems to support an Agency business system that is used for the programs and services that they provide to the citizens of Florida.
- State Agencies in collaboration with the enterprise business owners have established User committees to evaluate system requests and set priorities.
- The recommended enterprise governance structure supports the continued efforts of the State Agencies/User community to raise issues to the Business Owner.

State Agencies/User Groups

The difference will be the escalation of requests:

- Requests that adhere to the standard business processes and do not have an impact to other business owners can be approved by the applicable business owner
- Requests that have an impact to multiple business owners (i.e., the end-to-end process) but still adhere to the standard business processes must be approved by the Enterprise Committee
- Requests that have an impact to the Strategic Enterprise Business Plan or an impact to the State's life cycle cost must be approved by the Enterprise Policy Council

Business Owner – Enterprise Functions

Business Owners are:

- Director of Accounting and Auditing, Department of Financial Services
- Director of Treasury, Department of Financial Services
- Director of Human Resource Management, Department of Management Services
- Director of Purchasing Office, Department of Management Services
- Director of Office of Policy and Budget, Executive Office of the Governor

Business Owner – Enterprise Functions

Business Owners will be responsible for:

- Supporting the preparation/review of the State's Strategic Enterprise Business Plan
- Adhering to the State's Strategic Enterprise Business Plan
- Escalating issues to the Enterprise Committee
- Preparing a business case for large system modifications and obtain approval from the Enterprise Committee and Enterprise Policy Council

Enterprise Committee

The Enterprise Committee will be comprised of two sub-groups:

- Enterprise Business Workgroup – at a minimum will include the business owners or their designee and may include representatives from the State Agencies, consultants or industry subject matter experts
- Enterprise Integration Workgroup – at a minimum will include AEIT staff and IT staff currently supporting the enterprise systems

Enterprise Committee

The Enterprise Committee will be responsible for:

- Preparing the State's Strategic Enterprise Business Plan
- Providing oversight on the State's business processes and integration issues
- Evaluate business cases brought to the committee for review
- Raise issues to the Enterprise Policy Council that would result in a change to the Strategic Enterprise Business Plan

Enterprise Policy Council

The Enterprise Policy Council is the Governor and Cabinet.

The Enterprise Policy Council is responsible for:

- Approving the annual Strategic Enterprise Business Plan
- Adopting policies that support the enterprise business processes and enterprise reporting needs
- Making recommendations to the Legislature on policies required in law and for funding of new or existing enterprise systems that support the Strategic Enterprise Business Plan

Enterprise Policy Council

Responsibilities continued:

- Approval of Business Cases for modifications/additions to the enterprise systems
- Provide oversight on contracts that support/manage the enterprise systems for the State

Concerns with Recommendation

- Need a commitment from the Enterprise Policy Council to address issues
- Need recommendation addressing a tie vote from the Council
- Need dedicated resources for the Enterprise Committee

Other Items?

Next Steps

Next Meeting – November 12th

- Finalize enterprise governance recommendation
- Review enterprise project governance recommendation
 - Role of project governance
 - Relationship of project and enterprise governance
 - Project governance structure
- Review approaches to funding

Adjourn