

## **Roadmap Agency Advisory Group**

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Results of the 9/18/2008 Meeting

## Agenda

- The plan to modernize the state's core financial systems
  - Are we in agreement on what is included in the scope of “core financial systems?”
  - Are we in agreement on what are the most urgent business and unmet data/tool needs?
  - What are the characteristics of a successful core financial system modernization sequence, schedule and plan?
  
- EDD/COA Project Update
  
- Proposal to begin preparation and planning work for a Time, Leave and Labor Distribution System

## **Review: A building-block approach to develop the plan to sequence and schedule the modernization of core financial systems**

### **September meeting**

- Confirm which systems/processes are in the scope of this plan
- Confirm agreement on which systems/processes have the highest priority for modernization
- Confirm the characteristics of a successful core financial system modernization sequence, schedule and plan

### **First October meeting**

- Review options and best practices related to the implementation sequence for the general ledger and other priority components
- Review the pros and cons of implementing in a sequential fashion over an extended time and full implementation within a shorter period of time
- Confirm components and timing of ERP-related costs
- Confirm any other critical dependencies
- Begin discussion to answer the question, “What modernization sequence makes the most sense give the urgent business priorities and key dependencies?”

### **Second October meeting**

- Decide the modernization sequence and confirm the portion to be conducted next biennium
- Discuss other issues critical to resolving in order to produce a successful plan

### **November meeting**

- Review draft costs of the next-biennium proposal
- Finalize issues and high-level plan components

## Are we in agreement on what is included in the scope of “core financial systems”?

- “In scope” means we should include this component in our plan to modernize the core financials.
- At this point we are not setting priorities among these components, just discussing whether it should be in or out of the plan.

System (or function)	In scope?	In scope, but doesn't need to be in plan?	Not in scope?
<b>General ledger accounting</b> - the process of collecting, preparing and recording accounting transactions to the appropriate fiscal period and accounts, reconciling subsidiaries with the general ledger and managing the chart of accounts	✓		
<b>Financial reporting</b> - the process of analyzing and presenting formal and informal financial information to support GAAP, managerial, compliance and performance reporting for agency and statewide purposes on a periodic and ad-hoc basis for internal and external use.	✓		
<b>Cost accounting</b> - the process of recording transactions for activities, products and services (cost objectives) for which costs need to be measured; implementing a formal or informal cost methodology and/or plan; and records, accumulates and distributes direct, indirect, and overhead costs to those cost objectives according to the established methodology.	✓		
<b>Contract Management</b> - the process of planning for, establishing, amending, and monitoring contractual agreements, from managing standard sets of terms and conditions to drafting, approving, executing, and recording agreements, and evaluating the effectiveness of contracts and suppliers in meeting contract performance objectives.	✓ (GCLM enhancements)		
<b>Grant Management</b> – the process of acquiring grant funding from federal, state or other sources, expending grant and loan funds in support of program objectives, reporting grant and loan activities to funding authorities, and evaluating the effectiveness of grant and loan programs. The process also includes cost sharing and all steps necessary to make and monitor subgrant awards to recipients, and the management and tracking of loans receivable.	✓ (GCLM enhancements)		
<b>Risk Management</b>			✗

<b>System (or function)</b>	<b>In scope?</b>	<b>In scope, but doesn't need to be in plan?</b>	<b>Not in scope?</b>
<b>Revenue Cycle</b>			
<b>Revenue Management/ Accounts Receivable/ Collection Management/ Revenue Distribution</b> - the process of receiving, classifying, recognizing and recording receipts; distributing receipts to the appropriate jurisdictions, accounts, coding element; and invoicing, monitoring, and collecting receivables from or on behalf of the state's customers, refund/credit management, and evaluating bad debts.	✓		
<b>Customer Information Management</b>			x
<b>Customer outreach Management</b>			x
<b>Treasury Management</b> - manage treasury funds, investment management, receive deposits and issue and redeem checks and electronic payments; maintain check registers; bond/debt management.			x
<b>Local Fund Management</b> -manage local funds: receive deposits, issue and redeem checks and electronic payments, maintain check records, investment management, local fund bond/debt management.	✓		
<b>Taxes/Sales/Services Management</b> – manage services provided to citizens and other agency customers. May include billing for specialized services.			x
<b>Performance Management</b>			
<b>Performance measurement</b> - the process of defining specific measures that relate to organizational goals; collecting and analyzing relevant, timely and consistent data about inputs, outputs, outcomes, and benchmarks. (In this sense we're talking about system capacity to do these things, rather than plans to develop an enterprise-wide set of standard performance measures.)	✓		
<b>Statewide Management Reporting</b> - the process of analyzing and presenting formal and informal performance information to facilitate reaching conclusions efficiently with accountability.	✓		
<b>Agency Management Reporting</b> – the process of utilizing available reporting tools and data to provide visibility to agency unique business operations.	✓		

System (or function)	In scope?	In scope, but doesn't need to be in plan?	Not in scope?
<b>Procure to Pay</b>			
<b>Vendor Relationship Management</b> - the process of managing information about vendors who currently do business with the state, or want to in the future. The process includes registration of new vendors and maintenance of registration and banking information, including vendor status and performance history.	✓		
<b>Vendor Solicitation Management</b> -the process of identifying purchase requirements, determining sources, and bid management	✓ (WEBS or GCLM enhancements)		
<b>Order Management</b> – the process of ordering, receiving, accepting, and distributing goods and services	✓		
<b>Payables Accounting</b> - the process of paying for goods and services. The process encompasses tracking and managing encumbrances and accruals, approving requests for payment, processing approved payments, canceling and reissuing payments as necessary, and providing timely and accurate payment information to stakeholders.	✓		
<b>Asset Management</b>			
<b>Consumable Inventory Management</b> – the process of receipting, issuing and valuing consumable inventories; managing stock levels to meet agency needs; and facilitating periodic physical inventories.	✓		
<b>Asset Lifecycle Management</b> - the process of planning, acquiring, designing, operating, maintaining, replacing and reporting on state owned and leased capital assets including facilities, infrastructure, land, information technology and fleet. It also involves collecting revenues and calculating return on investment.	✓		
<b>Capital Asset Accounting</b> – the process of recording and tracking the acquisition, ownership, funding source, depreciated value, location and disposition of capital assets; facilitating periodic physical inventories; and reporting.	✓		

<b>System (or function)</b>	<b>In scope?</b>	<b>In scope, but doesn't need to be in plan?</b>	<b>Not in scope?</b>
<b>Project Management</b>			
<b>Project Accounting</b> - manage and monitor project budgets; account for project revenues and direct and indirect expenditures during the project period; track and account for project-funded assets and contracts.	✓		
<b>Non-Capital Project Management</b> – The process of managing budget and schedule of agency projects not funded from the capital budget.			✗
<b>Capital Project Management</b> - In accordance with state and federal (if applicable) laws and policies, estimate, budget, schedule and forecast authorized transportation and non-transportation capital projects; validate cost estimates and risks; manage and monitor the project budget; perform project oversight, design, procurement, and construction, inspection and acceptance activities; manage escrow accounts; administer project-funded contracts.			✗
<b>Human Resource Management</b>			
<b>Position Management</b> – the process of managing the full-time equivalent positions authorized in the budget, as well as the number of employees processed in the payroll system.	✓		
<b>Benefits Management</b> – the process of administering employee benefit packages and performing health insurance accounting.	✓ (BAIAS)		
<b>Time and Attendance and Labor Distribution</b> – the process of tracking and entering employee time by time worked as well as distribution of costs in the accounting records according to the agency cost distribution methodology.	✓		
<b>Payroll</b> – the process of calculating employee pay, processing employee deductions, and creating paychecks to employees and remittances to outside parties for employee deductions and other employer benefits contractors.	✓ (HRMS enhancements)		
<b>Recruitment</b> – the process advertising position vacancies, conducting interviews and hiring employees.			✗
<b>Learning Management</b> - Tracking employee or contractor certification and training requirements			✗

<b>System (or function)</b>	<b>In scope?</b>	<b>In scope, but doesn't need to be in plan?</b>	<b>Not in scope?</b>
<b>Employee Performance Management</b> – the process of managing and tracking required employee performance evaluations.			<b>x</b>
<b>Labor Relations Management</b> - Includes contract administration			<b>x</b>
<b>Employee Grievance Management</b>			<b>x</b>
<b>Budget</b>			
<b>Allotment Development and Management</b> – The process of developing revenue and expenditure plans based on the enacted budget constraints, and comparing actual performance against plan	✓ (TALS enhancements)		
<b>Budget Development</b> - Development and submittal of agency budget requests, develop and publish Governor's budget, legislative budget development and enactment, governor signature/veto	✓		
<b>Financial projection and modeling</b> – the process of developing financial projections and scenarios using trend analysis, cost and other assumptions, and other data.	✓		
<b>Forecasting</b> - Economic and caseload forecast processes			<b>x</b>
<b>Strategic plan development</b>			<b>x</b>
<b>Fiscal note process</b>			<b>x</b>

## Are we in agreement on the most urgent and unmet needs?

- The worksheet below contains the start of an assessment of systems/functions from above considered “In Scope” or “?”.
- At this point we are not discussing the sequence of implementation, just trying to confirm the most pressing business needs for change.
- Key to numbering: Priority scores: 1 = highest priority
  - In the Unmet data need column: the priority of business process cycle as indicated in Enterprise Data Definition/Chart of Accounts Executive & Roadmap Advisory Group survey
  - In the Strategic need column: the ranking of urgent needs—from a 2004 survey of agencies--- of the Roadmap Common Business Problem and Opportunity Statements (refer to <http://www.ofm.wa.gov/roadmap/history/CBPO.pdf>. This document also has links to more detailed information about problem/opportunity area.)

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
<b>Benefits Management</b> – the process of administering employee benefit packages and performing health insurance accounting.	1		✓	✓	✓
<b>Time and Attendance and Labor Distribution</b> – the process of tracking and entering employee time by time worked as well as distribution of costs in the accounting records according to the agency cost distribution methodology.	1	#1 -Dynamic and responsive payroll and HR information (time collection and labor distribution)	✓		
<b>Payroll</b> – the process of calculating employee pay, processing employee deductions, and creating paychecks to employees and remittances to outside parties for employee deductions and other employer benefits contractors.	1	#1 -Payroll information that includes periodic increment date and rates for specialty pay categories from year to year. -Specialty pay information by geographic location for budget purposes			

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
<b>Position Management</b> – the process of managing the full-time equivalent positions authorized in the budget, as well as the number of employees processed in the payroll system.	<b>1</b>				
<b>Revenue Management/ Accounts Receivable/ Collection Management/ Revenue Distribution</b> - the process of receiving, classifying, recognizing and recording receipts; distributing receipts to the appropriate jurisdictions, accounts, coding element; and invoicing, monitoring, and collecting receivables from or on behalf of the state’s customers, refund/credit management, and evaluating bad debts.	<b>2-</b> Accounts Receivable  <b>3-</b> Other Revenue Mgmt	<b>#4</b> -Integrated revenue information tied to location and/or accounts receivable  -Associate revenue information with corresponding expenditures	✓	<b>#7</b> - Streamline invoice-to-cash <b>#8</b> - Make it easier for customers to pay the state  <b>#15</b> -Increase investment revenues	✓
<b>Procure to Pay</b>					
<b>Vendor Relationship Management</b> - the process of managing information about vendors who currently do business with the state, or want to in the future. The process includes registration of new vendors and maintenance of registration and banking information, including vendor status and performance history.	<b>3-</b> Procure to Pay Process	<b>#3</b> -Centralized vendor registration, communication, & reporting information -Use of consistent commodity codes -Vendor performance information		<b>#5</b> - streamline procure-to-pay process	
<b>Vendor Solicitation Management</b> -the process of identifying purchase requirements, determining sources, and bid management	<b>3-</b> Procure to Pay Process		✓	<b>#10</b> - Optimize purchasing power through strategic sourcing	
<b>Order Management</b> – the process of ordering, receiving, accepting, and distributing goods and services	<b>3-</b> Procure to Pay Process		✓	<b>#5</b> - streamline procure-to-pay process  <b>#10</b> - Optimize purchasing power	

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority- Advisory Group	Unmet data need? (EDD/COA)	Policy/ compliance need?	Strategic need?	Current systems failing?
				through strategic sourcing	
<b>Payables Accounting</b> - the process of paying for goods and services. The process encompasses tracking and managing encumbrances and accruals, approving requests for payment, processing approved payments, canceling and reissuing payments as necessary, and providing timely and accurate payment information to stakeholders.	<b>3-</b> Procure to Pay Process	<b>#3</b> -Enhanced expenditure data and management information	✓	<b>#5</b> - streamline procure-to-pay process	
<b>Asset Management</b>					
<b>Consumable Inventory Management</b> – the process of receipting, issuing and valuing consumable inventories; managing stock levels to meet agency needs; and facilitating periodic physical inventories.	<b>3-</b> Asset Management Process	<b>#7</b> -Consumable inventory management information		<b>#13</b> - Put cash in bank-not on the shelf	
<b>Asset Lifecycle Management</b> - the process of planning, acquiring, designing, operating, maintaining, replacing and reporting on state owned and leased capital assets including facilities, infrastructure, land, information technology and fleet. It also involves collecting revenues and calculating return on investment.	<b>3-</b> Asset Management Process	<b>#7</b> -Facility procurement and management information -Facility condition and maintenance information -Tangible and intangible asset management information		<b>#12</b> - Improve accountability for state assts <b>#14</b> - maximize return on investments in capital assets	
<b>Capital Asset Accounting</b> – the process of recording and tracking the acquisition, ownership, funding source, depreciated value, location and disposition of capital assets; facilitating periodic physical inventories; and reporting.	<b>3-</b> Asset Management Process				

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
<b>General ledger accounting</b> - the process of collecting, preparing and recording accounting transactions to the appropriate fiscal period and accounts, reconciling subsidiaries with the general ledger and managing the chart of accounts		<p><b>#2</b></p> <ul style="list-style-type: none"> <li>- Detail information technology expenditures (at lower levels)</li> <li>- Information to separate non-appropriated transactions</li> </ul> <p><b>#6</b></p> <ul style="list-style-type: none"> <li>-Actual expenditures by legislative district or county</li> <li>- Budget and Actual information by budget activity</li> </ul>	✓	<p><b>#3</b></p> <ul style="list-style-type: none"> <li>- Organize data to support all relevant business perspectives</li> </ul>	
<b>Financial reporting</b> - the process of analyzing and presenting formal and informal financial information to support GAAP, managerial, compliance and performance reporting for agency and statewide purposes on a periodic and ad-hoc basis for internal and external use.			✓	<p><b>#1</b></p> <ul style="list-style-type: none"> <li>- Improve access to meaningful information</li> </ul> <p><b>#6</b></p> <ul style="list-style-type: none"> <li>- Empower managers with tools to aid decision making</li> </ul>	
<b>Cost accounting</b> - the process of recording transactions for activities, products and services (cost objectives) for which costs need to be measured; implementing a formal or informal cost methodology and/or plan; and records, accumulates and distributes direct, indirect, and overhead costs to those cost objectives according to the established methodology.		<p><b>#5</b></p> <ul style="list-style-type: none"> <li>-Cost accounting information for federal programs</li> <li>- Cost accounting information for projects and programs</li> </ul>		<p><b>#4</b></p> <ul style="list-style-type: none"> <li>- Enable data driven decisions</li> </ul> <p><b>#11</b></p> <ul style="list-style-type: none"> <li>- Protect federal and local funding</li> </ul>	

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
<b>Contract Management</b> - the process of planning for, establishing, amending, and monitoring contractual agreements, from managing standard sets of terms and conditions to drafting, approving, executing, and recording agreements, and evaluating the effectiveness of contracts and suppliers in meeting contract performance objectives.		#5 -Information to track revenues and expenditures by contract		# 5 -Need consistent and clear business practices across agencies - Agencies need better tools to monitor & administer contracts	
<b>Grant Management</b> – the process of acquiring grant funding from federal, state or other sources, expending grant and loan funds in support of program objectives, reporting grant and loan activities to funding authorities, and evaluating the effectiveness of grant and loan programs. The process also includes cost sharing and all steps necessary to make and monitor subgrant awards to recipients, and the management and tracking of loans receivable.		#5 -Centralized grant and loan information			
<b>Local Fund Management</b> -manage local funds: receive deposits, issue and redeem checks and electronic payments, maintain check records, investment management, local fund bond/debt management.					
<b>Performance measurement</b> – the process of defining specific measures that relate to organizational goals; collecting and analyzing relevant, timely and consistent data about inputs, outputs, outcomes, and benchmarks.		#6 -Performance information (uniform data elements)		✓	

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
<b>Statewide Management Reporting</b> - the process of analyzing and presenting formal and informal performance information to facilitate reaching conclusions efficiently with accountability.				<p>#1 - Improve access to meaningful information</p> <p>#6 - Empower managers with tools to aid decision making</p>	
<b>Agency Management Reporting</b> – the process of utilizing available reporting tools and data to provide visibility to agency unique business operations.				<p>#1 - Improve access to meaningful information</p> <p>#6 - Empower managers with tools to aid decision making</p>	
<b>Project Accounting</b> - manage and monitor project budgets; account for project revenues and direct and indirect expenditures during the project period; track and account for project-funded assets and contracts.		<p>#6 -Information to track by a common capital project number</p>			
<b>Allotment Development and Management</b> – The process of developing revenue and expenditure plans based on the enacted budget constraints, and comparing actual performance against plan					
<b>Budget Development</b> - Development and submittal of agency budget requests, develop				<p>#2 - Streamline and integrate the</p>	

PRIORITIZATION WORKSHEET					
System (or function)	Highest priority-Advisory Group	Unmet data need? (EDD/COA)	Policy/compliance need?	Strategic need?	Current systems failing?
and publish Governor's budget, legislative budget development and enactment, governor signature/veto				budget cycle <b>#9</b> - Provide flexibility to support innovative budgeting -Equip managers with tools that help them quickly identify trends, projections and items of interest. -Managers need data to analyze "what if" situations and to identify the cost of service, track performance predictors and measure performance gaps in context of budgets	
<b>Financial projection and modeling</b> – the process of developing financial projections and scenarios using trend analysis, cost and other economic assumptions, and other data.					

## What are the characteristics of a successful core financial system modernization sequence, schedule and plan?

1. Plan makes it clear which systems/functions will be addressed (modernized, replaced or added) in which time period
  - Will enable agencies to plan for change and make good business decisions about their own system maintenance, enhancement, purchase and decommissioning activities
  - In developing the plan, review the pros and cons of phasing options. These could include sequencing of components as well as implementation in phases by groups of agencies.
2. Plan includes time, for each component, to define detailed requirements and evaluate options against those requirements
3. Plan, although high-level, is specific enough to be actionable
  - Includes tasks related the work to modernize each system component as well as over-arching tasks related to governance, procurement, project management, financing, infrastructure, etc. For example:
    - Task to conduct impact analysis on other agency mission-critical services and processes
    - Tasks to assess business processes and propose standardization recommendations, and to implement process changes.
    - Communication planning
    - Change management
      - Include tasks to review lessons learned from other efforts such as HRMS and to incorporate these lessons learned into other tasks.
      - Training and education

**What are the characteristics of a successful core financial system modernization sequence, schedule and plan? (continued)**

3. Plan includes tasks (continued)

- Resource planning tasks, including plans to backfill agency resources on loan to the project
- Tasks to secure sustained executive and legislative support
- Agency leads are assigned to tasks

4. Other?

5. Other?

\*NOTE: Like all plans, this will be contingent on funding received in the budget.

## Proposal for preparation work for a Time, Leave and Labor Distribution System

- Business case and budget decision package for 2009-11 are in development.
- OFM proposes to sponsor and manage a project, in partnership with DOP, DOT, DNR and other agencies, to conduct preparation and planning work in FY 2009.
  - FY 2009 project objective: Enable work on system development to begin immediately after funding is approved by the legislature.
  - Proposed key project elements:
    - Requirements gathering and definition
    - Identify and evaluate alternative approaches
    - Draft and publish an RFP, if appropriate
- Questions or concerns with the proposal?