

Roadmap Steering Committee Meeting

Results of the 9/26/2008 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

What will be 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	Not in scope
General ledger accounting - 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	✓	
Financial reporting - 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. This includes reporting for entities with enterprise and proprietary fund activities such as the Liquor Control Board and Lottery.	✓	
Cost accounting - 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.	✓	
Contract Management - 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.	✓ (could be GCLM enhancements or ERP)	
Grant Management – 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.	✓ (could be GCLM enhancements or ERP)	
Activity-Based Costing. A costing model that identifies activities in an organization and then assigns the cost of each activity resource to products and services according to the actual consumption by each in order to generate the actual cost of products and services. The organization learns about the product and service cost, and also about the costs of the efforts that go into the production or delivery of the product or service. <i>(Activity-Based costing is not the same the “activity-based” budgeting used to support the state’s budgeting process. While, there is an interest in enabling agencies to capture actual costs in the same activity structure that is used for the budget—this would likely be achieved through the chart of accounts structure and more traditional cost accounting methods.)</i>	✓ (There is interest in exploring the need for this)	

System (or function)	In scope	Not in scope
Risk Management		x
Revenue Cycle		
Revenue Management/ Accounts Receivable/ Collection Management/ Revenue Distribution - 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. Could include point of sale systems and billing support for services.	✓	
Customer Information Management		x
Customer outreach Management		x
Treasury Management - manage treasury funds, investment management, receive deposits and issue and redeem checks and electronic payments; maintain check registers; bond/debt management.		x
Local Fund Management -manage local funds: receive deposits, issue and redeem checks and electronic payments, maintain check records, investment management, local fund bond/debt management.	✓	
Tax Revenue Management – includes the tax management processes of tax collection agencies.		x
Performance Management		
Performance measurement - 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.)	✓	
Performance Management - Combines financial, budget, activity and performance information from many of these process to aid managers in assessing the effectiveness and efficiency of organization efforts.	✓	
Statewide Management Reporting - the process of analyzing and presenting formal and informal performance information to facilitate reaching conclusions efficiently with accountability.	✓	
Agency Management Reporting – the process of utilizing available reporting tools and data to provide visibility to agency unique business operations.	✓	

System (or function)	In scope	Not in scope
Procure to Pay		
Vendor Relationship Management - 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.	✓	
Vendor Solicitation Management -the process of identifying purchase requirements, determining sources, and bid management	✓ (WEBS or GCLM enhancements or ERP)	
Order Management – the process of ordering, receiving, accepting, and distributing goods and services	✓	
Payables Accounting - 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.	✓	
Asset Management		
Consumable Inventory Management – the process of receipting, issuing and valuing consumable inventories; managing stock levels to meet agency needs; and facilitating periodic physical inventories.	✓	
Asset Lifecycle Management - 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.	✓	
Capital Asset Accounting – 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.	✓	
Project Management		
Project Accounting - 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.	✓	
Non-Capital Project Management – The process of managing budget and schedule of agency projects not funded from the capital budget.		x

System (or function)	In scope	Not in scope
Capital Project Management - 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.		x
Human Resource Management		
Position Management – 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.	✓	
Benefits Management – the process of administering employee benefit packages and performing health insurance accounting.	✓ (BAIAS)	
Time and Attendance and Labor Distribution – 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.	✓	
Payroll – 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)	
Recruitment – the process advertising position vacancies, conducting interviews and hiring employees.		x
Learning Management - Tracking employee or contractor certification and training requirements		x
Employee Performance Management – the process of managing and tracking required employee performance evaluations.		x
Labor Relations Management - Includes contract administration		x
Employee Grievance Management		x
Budget		
Allotment Development and Management – The process of developing revenue and expenditure plans based on the enacted budget constraints, and comparing actual performance against plan	✓ (TALS enhancements or ERP)	

System (or function)	In scope	Not in scope
Budget Development - Development and submittal of agency budget requests, develop and publish Governor's budget, legislative budget development and enactment, governor signature/veto	✓	
Financial projection and modeling – the process of developing financial projections and scenarios using trend analysis, cost and other assumptions, and other data.	✓	
Forecasting - Economic and caseload forecast processes		✗
Strategic plan development		✗
Fiscal note process		✗
Other agency Line of Business Systems		✗

Business priorities—the most urgent and unmet needs

System (or function)	Steering Committee Business Priorities
Benefits Management – the process of administering employee benefit packages and performing health insurance accounting.	1
Time and Attendance and Labor Distribution – 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
Payroll – 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
Revenue Management/ Accounts Receivable/ Collection Management/ Revenue Distribution - 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. Could include point of sale systems and billing support for services.	2- Accounts Receivable 3- Other Revenue Mgmt
Vendor Relationship Management - 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.	3- Procure to Pay Process
Vendor Solicitation Management -the process of identifying purchase requirements, determining sources, and bid management	3- Procure to Pay Process
Order Management – the process of ordering, receiving, accepting, and distributing goods and services	3- Procure to Pay Process
Payables Accounting - 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.	3- Procure to Pay Process
Consumable Inventory Management – the process of receipting, issuing and valuing consumable inventories; managing stock levels to meet agency needs; and facilitating periodic physical inventories.	3- Asset Management Process
Asset Lifecycle Management - 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.	3- Asset Management Process
Capital Asset Accounting – 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.	3- Asset Management Process

System (or function)	Steering Committee Business Priorities
Performance Management -- Combines financial, budget, activity and performance information from many of these process to aid managers in assessing the effectiveness and efficiency of organization efforts.	4
Processes in Scope, but not highest priority—in alphabetical order	
Activity Based-Costing	
Agency Management Reporting	
Allotment Development and Management	
Budget Development	
Contract Management	
Cost accounting.	
Financial reporting	
Financial projection and modeling	
General ledger	
Grant Management	
Local Fund Management	
Performance measurement	
Position Management	
Project Accounting	
Statewide Management Reporting	

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
 - Includes integration and interface planning
 - 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?