State of California

The Next Generation

FI$Cal

Financial Information System for California

FI$Cal Project Charter
Version 7.0

Final

June, 2013

Signature Page

FI$Cal Project Approval of the Project Charter

Approved on behalf of the Steering Committee, by consensus decision, at the Steering Committee Meeting held on:

Meeting Date: June 11, 2013

Signature: Todd Jerue 6/20/13

Todd Jerue, Chair
FI$Cal Project Steering Committee

Date

Revision History

Date	Version	Last Updated By	Status/Comments	Approved By
3/24/06	0.1	Informatix	Initial Draft	FI$Cal PMO
4/07/06	0.2	Informatix	Interim review changes	FI$Cal PMO
4/25/06	0.3	Informatix	Incorporates review comments and change requests from DOF	FI$Cal PMO
5/8/06	0.4	Informatix	Changed style formatting (serif fonts to Arial 11pt). Incorporated BSDU's review comments	FI$Cal PMO
5/10/06	1.0	Informatix	Final version	FI$Cal PMO
1/22/07	2.0	Informatix	Incorporates project scope changes and updates Phase 3 and 4 work plans based on the approved Deliverable E.8 – Detailed Work Plan for Requirements Definition Sessions (Phases 3 & 4)	FI$Cal PMO
2/15/2007	3.0	FI$Cal Project Team	Update Project Charter	FI$Cal PMO
4/15/2007	3.5	FI$Cal Project Team	• Updated 2.5.2 Roles and Responsibilities • Updated Steering Committee Members	FI$Cal PMO
5/16/2007	3.5	FI$Cal Project Team	Adopted by the FI$Cal Steering Committee Note: SCO abstained	
09/24/2007	3.6	FI$Cal PMO	Updated Governance, Roles and Responsibilities, inserted updated diagrams	FI$Cal PMO
09/26/2007	3.7	FI$Cal PMO	Minor updates	FI$Cal PMO
09/27/2007	3.8	FI$Cal PMO	Minor updates	FI$Cal PMO
10/05/2007	3.9	FI$Cal PMO	Incorporates various reviewer comments	FI$Cal PMO
10/08/2007	3.10	FI$Cal PMO	Incorporates various reviewer comments	FI$Cal PMO
10/08/2007	3.11	FI$Cal PMO	Incorporates various reviewer comments	FI$Cal PMO
10/08/2007	3.11	FI$Cal PMO	Charter approved and adopted by the Steering Committee	Steering Committee
10/26/2007	3.12	FI$Cal PMO	Incorporates changes to format of scope from SPR2, as well as various suggested edits.	FI$Cal PMO

Date	Version	Last Updated By	Status/Comments	Approved By
12/21/2007	3.14	FI$Cal PMO (MLM)	• Added approval column to revision history. • Added numbering column to the Roles & Responsibility guide, removed two duplicative items. • Added text to Constraints. • Removed table from Introduction. • Added narrative to Consensus Decision Model • Added detail to Project Background regarding SPR2 for Legislature • Moved multiple organization charts and graphs into Appendices. • Added details on role of ELC and EPAC • Added Change Control procedures and site location	
01/11/2008	3.15	FI$Cal PMO (MLM)	• Added 10/8/07 Steering Committee adoption of Charter to Revision History. • Added footnotes to Appendix E1-E2.	FI$Cal PMO
01/16/2008	3.15		Steering Committee adopted version 3.15	Steering Committee
02/08/2008	3.16	FI$Cal PMO (MLM)	Updated FI$Cal Governance Chart Overview, Appendix C	FI$Cal PMO
03/20/2009	3.16	FI$Cal PMO	Incorporated changes as directed by the Steering Committee: • Update Steering Committee membership • Establish Customer Impact Committee • Establish ERP Advisory Committee • Add and define Trifecta • Update PBE responsibilities • Add org chart “Recommended Governance Structure”	FI$Cal PMO
03/24/2009	3.16		Steering Committee adopted version 3.16	Steering Committee
03/27/2009	4.0	FI$Cal PMO	Final Version with signature	Steering Committee
05/20/2009	4.01	FI$Cal PMO	Update FI$Cal Project Charter as directed by the Project Executive following discussion with the SCO PBE	FI$Cal PMO
05/20/2009	4.02	FI$Cal PMO	Identify Vicky Sady as the Project Director	FI$Cal PMO
05/20/2009	5.0	FI$Cal PMO	Final Version with signature	Steering Committee

Date	Version	Last Updated By	Status/Comments	Approved By
10/07/2009	5.05	FI$Cal PMO	Update to match SPR 3: • 2.1 Project Background • 2.2 Vision • 2.5 Governance • 2.6 Roles & Responsibilities • 3.0 Project Objectives • 3.1 Scope • Delete First Stage Use of FI$Cal • 3.6 Project Assumptions and Constraints • Update Appendices Charts	Project Charter Walkthrough by Executive Team
12/03/09	5.06	FI$Cal PMO	Additional updates to further conform to OCIO's CA-PMM: • Summary Milestones • Deadlines • Known Risks • Runaway Triggers • Shutdown Conditions	PMO Deputy Director
12/14/09	5.07	FI$Cal PMO	Move the Scope Details to the Appendices	PMO Deputy Director
01/30/10	5.1	FI$Cal PMO	Include governance modifications, and reintroduced deputy director roles from August 2009 version.	FI$Cal Project Director
11/19/10	5.2	FI$Cal PMO	Additions made in version 5.06 have been moved to PMP. Detail roles consistent with the Project governance that was approved in the October 20, 2010 Steering Committee Meeting.	PMO Deputy Director
12/02/10	5.2	FI$Cal PMO	Updated based on Executive Team, IV&V, IPO, and QA input.	Project Charter Walkthrough by Executive Team
12/07/10	5.2	FI$Cal PMO	Document Review	Executive Team
12/10/10	5.2	FI$Cal PMO	Document Review	Steering Committee Executive Working Group
12/15/10	5.2	FI$Cal PMO	Charter approved and adopted by the Steering Committee	Steering Committee
12/20/10	6.0	FI$Cal PMO	Approved and signed by Fred Klass, Chair FI$Cal Steering Committee	Steering Committee

Date	Version	Last Updated By	Status/Comments	Approved By
05/07/12 - 06/05/12	6.1	FI$Cal PMO	Updated to match SPR 4: • 2.1 Project Background • 2.2 Vision • 2.5 Governance • 2.6 Roles & Responsibilities • 3.0 Project Objectives • 3.2 Scope • 3.3 Assumptions and Constraints • Add 3.4 Project Priorities • Update Appendices Charts Replaced OCIO with CTA throughout Charter.	
08/13/12	6.2	FI$Cal PMO	Incorporate Comments	
09/05/12	6.3	FI$Cal PMO	Map Comment Log to Charter	
09/11/12	6.4	FI$Cal PMO	Incorporate additional CCB Comments	CCB
12/03/12	6.5	FI$Cal PMO	Incorporate Comments	CCB
4/22/13	6.6	FI$Cal PMO	Change Appendix A (Update Steering Committee Members)	
5/6/13	7.0	FI$Cal	Final Version	
6/11/13	7.0		Plan approved by the Steering Committee	

Table of Contents

List of Tables

List of Figures

1.0 Introduction

This Project Charter defines the scope, objectives, and participants of the Financial Information System for California (FI$Cal) Project. The FI$Cal Project Charter provides a delineation of roles and responsibilities, outlines the project objectives, and identifies the main stakeholders. The FI$Cal Project Charter also includes the Project's vision, scope, and project governance framework. The establishment of the FI$Cal Project Charter is considered an industry best practice. This Project Charter will be revised as approved by the Project Steering Committee. The project management standard for the FI$Cal Project Charter is based on the Project Management Body of Knowledge (PMBOK), from the Project Management Institute (PMI) and also on the California Technology Agency's (CTA) California Project Management Methodology (CA-PMM).

2.0 Charter

2.1 Project Background

In 2005, the Department of Finance (DOF) developed a Feasibility Study Report (FSR) that proposed the implementation of a commercial-off-the-shelf (COTS) Budget Information System (BIS)[1] to meet statewide and departmental budget development and budget administration needs. The objective of the BIS Project was to develop a comprehensive statewide budget system to prepare, enact, and administer the state's annual financial plan (budget) and to provide critical information required to make budget decisions and manage state resources.

Collaboration and discussions with the project stakeholders brought into sharp focus the need to consolidate and modernize the state's entire financial management process into a single financial management system. In addition, through these efforts, there was a clear conclusion that one of the intended objectives of the BIS Project, budget administration, could not be accomplished as envisioned within the project scope proposed in the BIS FSR.

In December 2006, DOF approved a Special Project Report (SPR)[2] for the Financial Information System for California (FI$Cal or the Project). FI$Cal is a partnership between the agencies responsible for the state's financial management: DOF, the State Controller's Office (SCO), the State Treasurer's Office (STO), and the Department of General Services (DGS), collectively known as the "Partner Agencies."

A trailer bill to the Budget Act of 2007 required the Project to develop additional planning documents and submit them to the Legislature no later than April 1, 2008. In addition to evaluating four specific alternatives, the Project was required to include a plan of funding that evaluated alternative financing options including the use of special funds and federal funds, develop formal roles and responsibilities through the execution of a memorandum of understanding with the Partner Agencies, and develop a revised project management plan to address project leadership succession planning and vendor accountability. This resulted in SPR 2[3] which was approved by DOF in December 2007.

SPR 2 extended the schedule for the Project by two years for additional planning, legislative reporting activities, and additional activities in the procurement and design phases. SPR 2 also increased the estimated project costs from $1.3 billion to $1.6 billion, detailed a Funding and Finance Plan, and provided cost estimates and analysis for five alternatives to FI$Cal. In February 2008, the Legislative Analyst's Office (LAO) analysis of SPR 2 recommended proceeding with the Project while incorporating alternatives which would reduce risk, provide for greater legislative oversight and review, lower initial costs, and rely less on borrowing. In April 2008 the Legislature approved the FI$Cal Project.

In January 2009, in response to concerns expressed by the Legislature, the Office of the Chief Information Officer (OCIO, now the California Technology Agency), the LAO, and the Partner Agencies, the Project contracted with Enterprise Resource Planning (ERP) expert, Grant Thornton, LLP, to conduct a review in the context of best practices for planning and implementing a large ERP project. The project review included the following tasks: (1) review

[1] The BIS FSR was approved July 26, 2005
[2] A copy of SPR 1 is located at http://www.fiscal.ca.gov/archive/special_project_reports/
[3] A copy of SPR 2 is located at http://www.fiscal.ca.gov/archive/special_project_reports/

the proposed project objectives, (2) review the FI$Cal business requirements, (3) review the project organization and governance structure, (4) review the project implementation approach, and (5) provide recommendation of the best sourcing strategy within the existing FI$Cal procurement approach.

The project review did not change the overall project scope but recommended the proposed implementation strategy be revised to reduce the initial development costs and mitigate risks by reducing the functionality deployed in the first implementation. The project review also recommended the sourcing strategy be changed to a two-stage procurement approach, which the Project adopted. The revised project strategy, resulting from the project review and subsequent decisions of the Project Steering Committee resulted in the submittal of SPR 3[4] in November, 2009. SPR 3, as approved by the OCIO (now the CTA) in November 2009, described the project activities and costs through the Project's procurement phase and award of the System Integrator contract.

In Stage 1 of the procurement, the state awarded three Firm-Fixed-Price (FFP) contracts to the highest scoring bidders based on the selection criteria defined in the Request for Proposal (RFP) FI$Cal 8860-30. Each of the Stage 1 Contractors conducted a Fit Gap analysis to identify potential gaps between their proposed software and the state's business requirements. Further, each Stage 1 Contractor used this information to estimate the effort required to "fit" its solution to meet the needs of the state, while ensuring the state is able to use the best practices and efficient processes incorporated in the proposed solution. The Fit Gap analysis allowed the Stage 1 Contractors to gain a thorough understanding of the state's needs to propose a detailed and accurate Stage 2 proposal for the design, development, and implementation of its solution. All three Stage 1 Contractors fulfilled the contract requirements, and subsequently participated in Stage 2 as bidders. After a series of proposal evaluations and bidder negotiations, the state then selected Accenture LLP as the winner of the two-stage procurement. The state awarded the Stage 2 contract (the System Integrator contract) to Accenture LLP in June 2012.

SPR 3 noted that the project plan for development and implementation would be provided as part of a subsequent SPR after the procurement was completed. SPR 4[5], submitted by the Project and approved by the CTA in March 2012, provides the subsequent detail envisioned in SPR 3, including the Project's activities and costs through development and implementation.

2.2 Vision

To serve the best interest of the state and its citizens and to optimize the business management of the state, the Partner Agencies will collaboratively and successfully develop, implement, utilize, and maintain an integrated financial management system. This effort will ensure best business practices by embracing opportunities to reengineer the state's business processes and will encompass the management of resources and dollars in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset accounting, project accounting, and grant accounting. See Section 3.0, Project Objectives, for the overall vision and objectives codified in California Government Code Section 15849.22.

[4] A copy of SPR 3 is located at http://www.fiscal.ca.gov/archive/special_project_reports/
[5] A copy of SPR 4 is located at http://www.fiscal.ca.gov/archive/special_project_reports/

2.3 Leadership and Partnership for Success

To achieve the Project vision (an enterprise view), there is a critical need to provide statewide leadership and coordination. This begins with a partnership among the state's four Partner Agencies DOF, SCO, STO, and DGS. These agencies have reached consensus on scope and approach to achieve the vision as well as roles and responsibilities. Underlying this agreement and the roles and responsibilities set forth in the FI$Cal Project Charter is the principle that FI$Cal will work towards a vision that represents the common and best interest of the state. As such, the Partner Agencies are committed to work together collaboratively and cooperatively for the common good and benefit of the Partner Agencies, all other state departments, and the public. For an overview of Consensus Decision Model processes, see Appendix B. Each recognizes the unique opportunity that an enterprise view offers the state and its citizens. Each entity has unique constitutional and/or statutory responsibilities relative to specified business processes that will be separately maintained throughout the partnership. This will require members of the team to have dual reporting relationships both to the FI$Cal Project and to their constituent department. These project team members will have a key responsibility to report and raise issues to both the project management and their constituent department management.

2.4 Constitutional or Statutory Responsibilities

The current constitutional and/or statutory responsibilities[6] of the Partner Agencies will not change as a result of implementation of the proposed enterprise financial system. In addition, the roles and responsibilities for system administration will be clearly delineated since the administrative functions in the centralized system will be owned by multiple Partner Agencies through the established partnership. However, implementation of the proposed enterprise financial system may require statutory (and/or regulatory) modernization.

A formal memorandum of understanding (MOU) between the Partner Agencies has been executed to provide the framework for this partnership during the FI$Cal Project. The Project MOU includes covenants guaranteeing the Partner Agencies' constitutional and/or statutory responsibilities will not change without the affected Partner Agency's concurrence; each Partner Agency has "ownership" of their respective business areas in relationship to the system. Therefore, each Partner Agency has the authority to ultimately determine how the system will be developed, configured, etc., in relation to their respective business roles and responsibilities. The Project MOU is defined by the Project Steering Committee and approved by the Partner Agencies.

The FI$Cal Project will have a broad impact on departments and agencies throughout the state. Consequently, it is anticipated that the respective departmental representatives will participate in the FI$Cal Project at varying levels to provide input into the strategy and system requirements and design, as needed.

2.5 Project Governance

As the state moves forward with the development of a statewide enterprise financial management system, the need for leadership and governance related to statewide (enterprise) level issues is reinforced. An important success factor throughout this Project is the common

[6] Constitutional and/or statutory responsibilities refer to the current core mission, functions, and responsibilities of the Partner Agency.

understanding of the formal governance agreements between the Partner Agencies on the objectives, scope of work, decision-making, project management methodology, and roles and responsibilities.

The Project's governance framework includes: a Charter, Governance Plan, Operational Decision Making Framework, Consensus Decision Making Process, Project Escalation Process, and Memoranda of Understanding. The Project Governance Plan is used to help establish and guide the relationships between the Partner Agencies and defines the framework under which project decisions are made using the Consensus Decision Model. The framework for the Consensus Decision Model is diagramed in Appendix B: Consensus Decision Model and Project Decision Escalation. The Project Governance is structured to enable decisions to be made at the appropriate level of accountability and responsibility.

Figure 1 – Project Governance

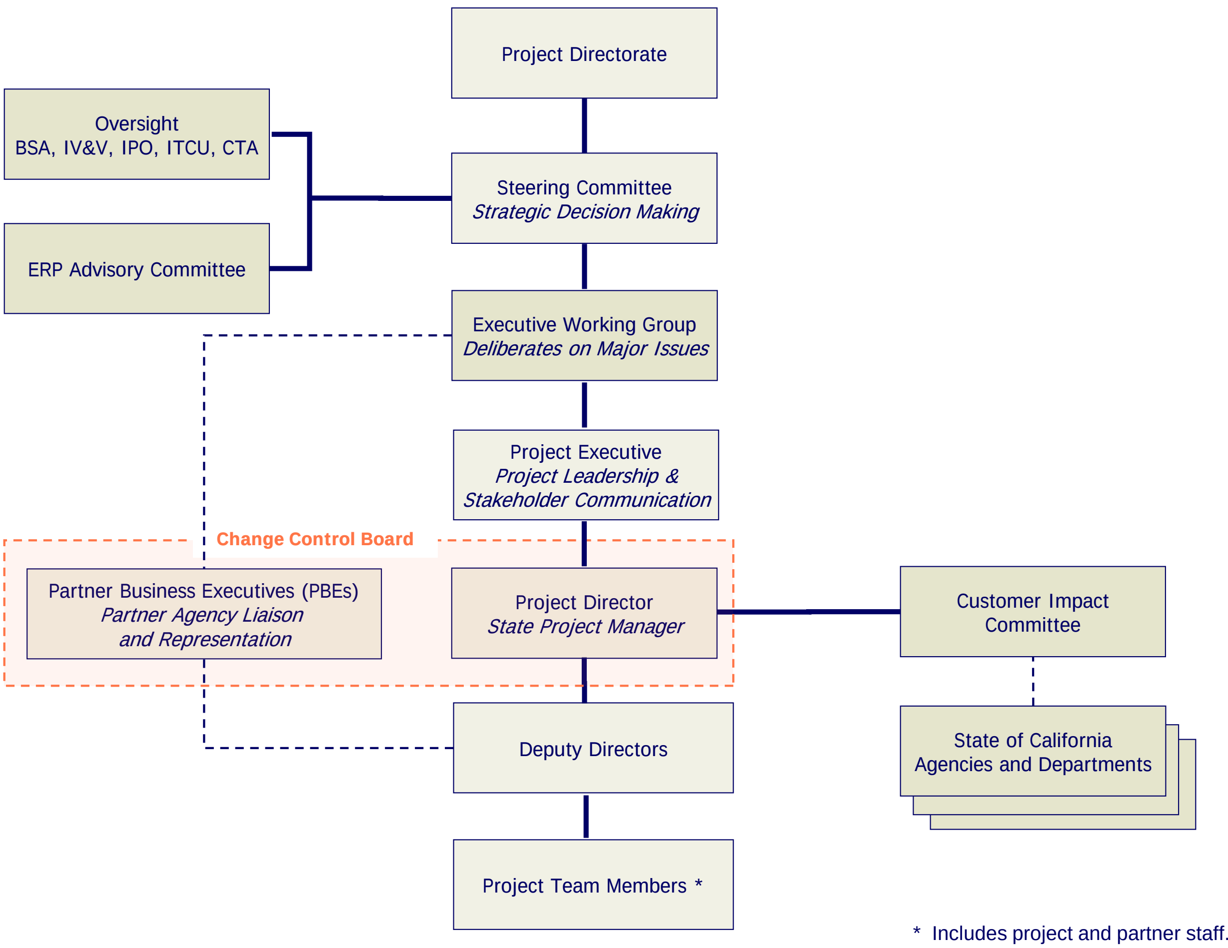


Figure 1, Project Governance, depicts the hierarchy levels that are further described in the following sections.

2.5.1 Project Directorate

The Project Directorate makes final decisions on critical policy issues that cannot be resolved by the Project Steering Committee. The Project Directorate's representation includes the Director of the Department of Finance, the Director of the Department of General Services, the State Controller, and the State Treasurer.

2.5.2 Project Steering Committee

The main governing body is the Project Steering Committee which reflects the Project's primary financial management functions and is comprised of the Project Sponsor, representatives of the four Partner Agencies and the Chair of the Customer Impact Committee (CIC), all as voting members. The Project Sponsor provides sponsorship and support for FI$Cal and serves as the Chair of the Steering Committee. Currently, the Project Sponsor is the Chief Operating Officer of the Department of Finance. In addition, CTA participates as a non-voting member of the Project Steering Committee. Escalation, if needed, is to the Project Directorate. The Project Steering Committee establishes the project goals and priorities and provides statewide leadership and issue resolution across state agencies. Each Partner Agency identifies its steering committee members. Selection of the Project Executive and Project Director are approved by the Project Steering Committee.

The Project Steering Committee governs the Project and meets at a minimum of quarterly, or otherwise as needed. Each Project Steering Committee member will designate an alternate in the event they are unable to attend. The current list of Project Steering Committee members' names are referenced in Appendix A of this document.

2.5.3 Executive Working Group

Another important success factor is the role of the Executive Working Group (EWG). The EWG is comprised of a representative from each of the four Partner Agencies and the CTA Secretary. Their primary role is to be an action-oriented, decision-making group whose purpose is to keep controversial issues within the Project from materially impeding the Project's progress.

1. The EWG serves as an avenue for informal escalation of issues stalled within the Project.
2. The EWG will not make decisions on issues put before it unless and until those issues have been fully vetted by Partner Business Executives (PBEs) and the Project leadership and an acceptable consensus among them cannot be achieved.

The EWG also provides a forum for informal discussion prior to formal action on issues that must be decided by the designated members. Issues and changes affecting project scope, schedule, and/or cost that exceed threshold levels defined in the FI$Cal Change Control Plan, and FI$Cal Change Control Governance are presented to the EWG regardless of whether there is a consensus within the Project. All EWG members have the ability to raise issues he or she believes need to be discussed by the group without any limitations. The EWG meets quarterly, or as needed, to address issues that have been brought before them for discussion and recommendation to the Project Steering Committee.

2.5.4 Customer Impact Committee (CIC)

The CIC serves as part of the Project Steering Committee. The CIC is a leadership group which provides a formal mechanism for departments and agencies to:

1. Express their views and receive information from the FI$Cal team

2. Provide broad input and advice to the Project Steering Committee
3. Promote effective representation of department needs during appropriate phases, waves, and stages of the Project

The CIC selects a Chairperson that participates as a voting member of the Project Steering Committee representing state departments. The CIC also selects a non-voting designee to participate on the Project Change Control Board to serve in an advisory capacity.

2.5.5 ERP Advisory Committee

The ERP Advisory Committee is comprised of Enterprise Resource Planning (ERP) implementation experts from outside of the Project. Representation should include:

1. California departments that have implemented ERP projects
2. Other public sector organizations that have implemented ERP projects
3. Private sector organizations with attributes similar to California
4. ERP software and system integration providers/vendors[7]

This Committee's purpose is to provide periodic advice and counsel to the Project Steering Committee.

2.5.6 Change Control Board (CCB)

The Project CCB serves as a decision-making forum for changes to configuration items that exceed threshold levels defined in the FI$Cal Change Control Plan and need to be reviewed and approved during the course of the Project. The membership of the Project CCB consists of the Project Director and the PBEs. The group's function is to ensure that important changes are addressed in a timely manner so as not to impede the progress of the Project. Project CCB members have decision-making authority delegated by the organization they represent. The Project CCB members have the responsibility to inform their sponsoring organizations of the items that come to the group and the decisions made by the group.

2.5.7 State Leadership at the Executive Level

The commitment and involvement of the Partner Agencies at the highest level is key to leadership succession planning for the Project. To ensure organizational leadership and support that will bridge the inevitable changes in government leadership, the Project has:

- Developed a MOU between Partner Agencies to memorialize the vision, the governance, and the structure of the Project
- Established in statute the requirement for the project partnership to develop and implement the system (Government Code §15849.20 et seq.)

In addition to the Partner Agencies, the Project Steering Committee selects a Project Executive who serves as the liaison between the governance entities (described above in sections 2.5.1 through 2.5.6) and the Project Team.

[7] Participation would be coordinated and appropriate to California procurement policies, processes, and rules.

2.6 Roles and Responsibilities

The roles and responsibilities table below identifies the parties responsible for various tasks and activities required for the procurement, development, and implementation of the FI$Cal System. For all tasks and activities not covered in this table or defined in the Project Plans, the Project Steering Committee agrees there will be further discussion and mutual agreement regarding the respective roles and responsibilities. The FI$Cal Project Charter will be updated as appropriate as those decisions are made.

The FI$Cal Project Team is a matrix organization that includes representatives from state departments and agencies, and all four Partner Agency organizations (DGS, STO, SCO, and DOF). This section of the FI$Cal Project Charter identifies and defines the required roles to carry out the Project's vision to work cooperatively and collaboratively and successfully develop, implement, utilize, and maintain an integrated financial management system. Decisions are made by the Project Team following the vision, goals, objectives, and the requirements of the Project.

Table 1 – Roles And Responsibilities

Roles	Responsibilities
Project Directorate	1. Resolve policy issues, outstanding item(s) or other critical issues that cannot be resolved by the Project Steering Committee. 2. Composition of the Directorate is the four Partner Agencies (SCO, DGS, STO, and DOF); representation will be the Director of the Department of Finance, the Director of the Department of General Services, the State Controller, and the State Treasurer. 3. Any member of the Project Directorate may call a special meeting to discuss and resolve project issues.
Project Sponsor	1. Chair the Project Steering Committee. 2. Champion statewide support for the Project. 3. Provide sponsorship and support for the Project. 4. Ensure project funding and resources.
Project Steering Committee	1. Establish project goals and priorities. 2. Serve as the primary champion responsible for communicating project strategy, benefits, and direction to their respective departments. 3. Review and approve recommendations from the Project CCB for changes exceeding FI$Cal approved thresholds to project scope, budget, or schedule. 4. Appoint the Steering Committee Chair, who will also be the Project Sponsor. 5. Assign authority to the Project Executive. 6. Assist in the selection of the Project Executive. 7. Provide statewide leadership and support for the Project. 8. Participate in coordination and allocation of departmental and project resources. 9. Support the Project by communicating the vision and working to reduce barriers and mitigating risk. 10. Facilitate the interdepartmental collaboration of a statewide system. 11. Provide issue resolution across agencies.

Table 1 – Roles And Responsibilities	
Roles	**Responsibilities**
	12. Provide advice regarding consistency with statewide strategies, direction, and policies. 13. Participate in succession planning. 14. Approve selection of the Project Director.
Executive Working Group	1. Discuss and deliberate on major project issues and make recommendations to the full Project Steering Committee. 2. Membership is made up of Project Steering Committee representatives and supported by project leadership. See Appendix A for specific members. 3. Legislative Analyst's Office (LAO) and Bureau of State Audits (BSA) to attend as observers. 4. One vote per partner, if necessary.
Customer Impact Committee	1. Appointed by and report to their respective agency. 2. Elect a Chair as a voting member of the Project Steering Committee. 3. Coordinate communication activities between the Project and their respective agency. 4. Identify and communicate issues, risks, or obstacles affecting successful project implementation by impacted departments statewide. 5. Escalate project issues and concerns through the CIC Chair to the Project Steering Committee. 6. Advise the Project Steering Committee through the CIC Chair of impacts to stakeholders/departments of project approach, schedule, plans, and activities. 7. Advise the CCB.
ERP Advisory Committee	1. Provide periodic advice and counsel to the Project Steering Committee. 2. Advise and report to the Project Steering Committee as requested.
Project Executive	1. Promote the vision for the Project. 2. Provide leadership for the Project. 3. Ensure that the project business vision, goals, objectives, and policies are identified and met. 4. Liaison to the Legislature, the CTA, Governor's Office, departments, and agencies. 5. Provide Executive oversight for the Project and the delivery of the solution. 6. Report project achievements and status to the Project Steering Committee. 7. Elevate issues to the Project Steering Committee. 8. Serve as a project spokesperson responsible for communicating project strategy, benefits, direction, status, and recommendations to stakeholders, public, and the Legislature. 9. Approve final external project deliverables. 10. Participate in succession planning.
Project Director (State Project Manager)	1. Provide a centralized structure to coordinate and manage the Project, its staff resources, teams, activities, facilities, communication, and outreach using structured project management methodologies. 2. Chair the Project CCB. 3. Elevate requests or issues to the Project CCB.

Table 1 – Roles And Responsibilities	
Roles	**Responsibilities**
	4. Report to the Project Executive. 5. Ensure overall project process and deliverable quality – responsible for the delivery of the solution. 6. Ensure quality control and quality assurance are performed in accordance with the quality plan. 7. Ensure the solution implemented addresses the Project's and associated program objectives. 8. Serve as the central point of coordination and internal communication for the Project. 9. Ensure alignment and cooperation between the Project Stakeholders by facilitating and supporting an environment of collaboration and communication. 10. Effectively engage the Project Executive and the PBEs in Project decision making to minimize negative impacts to state program operations while ensuring that project objectives are achieved. 11. Ensure timely communication with the Project Executive and PBEs through the established project management process (project management plans). 12. Direct the activities of state and vendor personnel assigned to the Project. 13. Monitor the planning, execution, and control of all activities necessary to support the implementation of a statewide enterprise financial system. 14. Provide leadership to state staff assigned to manage the multidisciplinary project teams including business, change management, project management, technology, and vendor management teams. 15. Maintain and monitor the project plan and performance, including performance of contractors. 16. Coordinate with the Independent Verification and Validation and Independent Project Oversight consultants to address and incorporate findings and recommendations. 17. Participate in the identification, quantification, and mitigation of project risks. 18. Direct the development of project documentation required by Partner Agencies. 19. Coordinate information and issues with the PBEs when the project management processes (project management plans) do not provide an approach or resolution. 20. Make daily operations decisions. 21. Participate in succession planning.

Table 1 – Roles And Responsibilities	
Roles	**Responsibilities**
Partner Business Executives	1. Appointed by and report to their representative Partner Agencies. 2. Provide staff support function to their Project Steering Committee representative(s) and agencies. 3. Coordinate Partner Agency activities between the Project and their respective Partner Agencies. 4. Support the project business vision, goals, objectives, policies, and procedures. 5. Assist with prioritizing and resolving business priorities related to the Project. 6. Serve as a project champion and spokesperson responsible for communicating project strategy, benefits, direction, status, and recommendations to their respective Partner Agencies. 7. Provide input on key project deliverables and acceptance criteria. 8. On an as needed basis, coordinate significant project deliverable concerns with project and representative Partner Agency management. 9. Ensure the coordination and integration of project activities and transition activities within their respective Partner Agency. 10. Identify Project risks and issues and provide input and solutions into risk mitigation strategies. 11. Perform responsibilities within the project management and leadership structure and processes to participate in critical problem solving. 12. Participate as a member of the Project CCB. 13. Receive delegated decision authority from their respective Project Steering Committee representative(s) provided delegation is limited to decisions that are consistent with the Project's Scope Management and Change Control Plans. 14. Responsible for escalating issues within the established project management processes documented in the project management plans. 15. Elevate project concerns with their representative management at the highest levels in the event a critical need is not being addressed in a timely manner. 16. Support and facilitate the hiring of Partner Agency staff with the right skills sets and vision to support the state's transition to FI$Cal. 17. Lead change management within their respective organizations.

2.6.1 Other Key Members of the Project Management Team

As part of the Project's organizational structure, the project management team includes key positions to support and lead the major efforts of the Project.

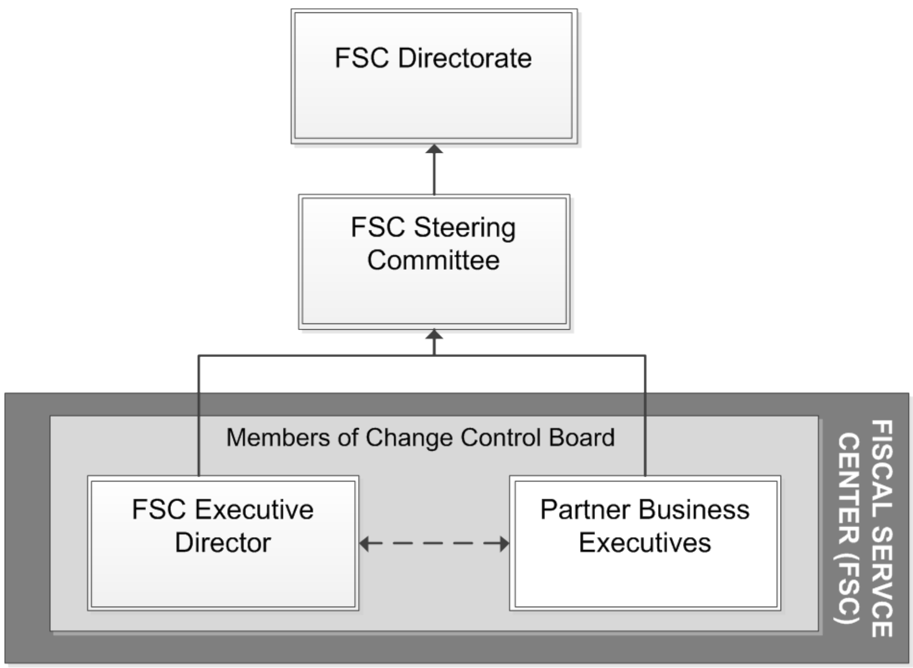
The Deputy Project Directors lead and/or manage one or more project teams and report to the Project Director. They serve a critical role in problem solving, strategy, and decision making. Specific duties will be included in the FI$Cal Project Management Plan.

2.6.2 FI$Cal Service Center (FSC) Organization Overview

The FI$Cal Project will continue throughout the design, development, and implementation of each wave. As each wave is implemented, the responsibility for support of departments and agencies using the FI$Cal System will transfer to the FSC. The FSC will begin operations upon acceptance of the initial production environment. The concurrent operation of both the FI$Cal Project and the FSC will require separate but coordinated management of changes to the FI$Cal System (one for the Project and one for maintenance and operations). Therefore, the MOU and Charter for the FSC are separate from those that govern the FI$Cal Project. Upon completion of statewide deployment and acceptance of the FI$Cal System, this FI$Cal Project Charter, the Project MOU, and the Project CCB will sunset and the FSC Charter, MOU, and CCB will remain in place.

The FSC governance is comprised of the SCO, DOF, STO, and DGS as voting members, and the Chair of the Customer Advisory Committee (CAC) as a non-voting member. The CAC will be established for the FSC and the role is further defined within the FSC Charter. Each Partner Agency's project needs and policy issues will be vetted and presented to the FSC.

Figure 2 – FI$Cal Service Center



Staff from the four Partner Agencies may be part of the FSC to ensure Partner Agency needs are met; this may be a continuation of the matrix organization approach where business needs are addressed but critical processes, such as configuration management, are centrally managed. A process must be put in place to accomplish the business owner's critical business priorities in a timely fashion. The FSC will set project priorities on an annual basis but with an understanding that the FSC will retain staff who will respond to critical ad-hoc needs.

3.0 Project Objectives

To achieve the project vision of implementing a statewide ERP to be used by the four Partner Agencies and departments, the Project developed objectives that specify what benefits the selected ERP system should provide. The vision and objectives for the Project have been codified in California Government Code Section 15849.22 as follows:

15849.22 (a) (1) To serve the best interest of the state by optimizing the financial business management of the state, the Department of Finance, the Controller, the Treasurer, and the Department of General Services shall collaboratively develop, implement, utilize, and maintain the FI$Cal system. This effort will ensure best business practices by embracing opportunities to reengineer the state's business processes and will encompass the management of resources and funds in the areas of budgeting, accounting, procurement, cash management, financial management, financial reporting, cost accounting, asset accounting, project accounting, and grant accounting.

(2) (A) Except as specified in subparagraph (B), the FI$Cal Project Office in the Department of Finance shall implement the requirements of paragraph (1).

(B) Upon the establishment of an Office of the Financial Information System for California, the Office of the Financial Information System for California shall implement the requirements of paragraph (1), and the FI$Cal Project Office in the Department of Finance shall no longer implement those requirements.

15849.22 (b) (1) All state departments and agencies shall use the FI$Cal system, or, upon approval from the office, a department or agency shall be permitted to interface its system with the FI$Cal system. The FI$Cal system shall replace any existing central or departmental systems duplicative of the functionality of the FI$Cal system.

(2) The FI$Cal system shall first be developed and used in partnership with a select number of departments, including the officers and departments identified in subdivision (a). Once the FI$Cal system has developed end-to-end processes that will meet the financial management needs of all state departments and agencies and have proven to be effective, operationally efficient, and secure, the FI$Cal system shall be implemented, in phases, at all remaining state departments and agencies, or, upon approval of the office, a department or agency shall be permitted to interface its system with the FI$Cal system.

15849.22 (c) The Legislature intends that the FI$Cal system meets the following objectives:

(1) Replace the state's aging legacy financial management systems and eliminate fragmented and diverse reporting by implementing standardized financial management processes and systems across all departments and control agencies. For purposes of this paragraph, "financial management" means accounting, budgeting, cash management, asset accounting, vendor management, and procurement.

(2) Increase competition by promoting business opportunities through the use of electronic bidding, online vendor interaction, and automated vendor functions.

(3) Maintain a central source for financial management data to reduce the time and expense of vendors, departments, and agencies collecting, maintaining, and reconciling redundant data.

(4) Increase investment returns through timely and accurate monitoring of cash balances, cash flow forecasting, and timing of receipts and disbursements.

(5) Improve fiscal controls and support better decision making by state managers and the Legislature by enhancing the quality, timeliness, consistency, and accessibility of financial management information through the use of powerful data access tools, standardized data, and financial management reports.

(6) Improve access and transparency of California's financial management information allowing the implementation of increased auditing, compliance reporting, and fiscal accountability while sharing information between the public, the Legislature, external stakeholders, state, federal, and local agencies.

(7) Automate manual processes by providing the ability to electronically receive and submit financial management documents and data between agencies, departments, banks, vendors, and other government entities.

(8) Provide online access to financial management information resulting in a reduction of payment or approval inquiries, or both.

(9) Improve the state's ability to preserve, access, and analyze historical financial management information to reduce the workload required to research and prepare this information.

(10) Enable the state to more quickly implement, track, and report on changes to financial management processes and systems to accommodate new information such as statutory changes and performance information.

(11) Reduce the time, workload, and costs associated with capturing and projecting revenues, expenditures, and program needs for multiple years and scenarios, and for tracking, reporting, and responding to legislative actions.

(12) Track purchase volumes and costs by vendor and commodity code or service code to increase strategic sourcing opportunities, reduce purchase prices, and capture total state spending data.

(13) Reduce procurement cycle time by automating purchasing authority limits and approval dependencies, and easing access to goods and services available from existing sources, including, but not limited to, using leveraged procurement agreements.

(14) Streamline the accounts receivable collections process and allow for offset capability which will provide the ability for increased cash collection.

(15) Streamline the payment process and allow for faster vendor payments that will reduce late payment penalty fees paid by the state.

(16) Improve role-based security and workflow authorization by capturing near real-time data from the state's human resources system of record.

(17) Implement a stable and secure information technology infrastructure.

The proposed information technology solution, coupled with associated business process reengineering, will address these high priority state policy objectives. The new system can be tailored to meet California's needs while remaining flexible enough to adapt to changes in policy and programs, although reconfiguration may be necessary. Service delivery and business operations will be more efficient and effective as a result.

3.1 Principles

The FI$Cal principles will drive the management and governance processes throughout the life of the FI$Cal Project.

1. In recognition that FI$Cal is the State of California's largest and most important enterprise IT project to date the FI$Cal Project must:
    a. Not allow political considerations to interfere with project decision making.
    b. Promote FI$Cal with our actions, behaviors, and conversations.
    c. Provide the best and brightest resources.

2. The FI$Cal Project Executive and Director will make operational and administrative decisions.
3. The FI$Cal Project will reengineer the state's business processes that reflect the inherent best practices in an ERP solution, considering statutory constraints and policies.
4. Project decisions will drive towards outcomes that are in the best interest of the state. Decisions will be based on full consideration of statewide risk, cost, and benefits.
5. The FI$Cal Project will have a robust change management program that will allow employees to survive and thrive before, during, and after FI$Cal implementation.
6. The Project will be fully transparent in measuring and reporting the costs and benefits of implementing and operating the FI$Cal System.
7. The Project will facilitate an environment that fosters and encourages the attribute of quality in all project products and processes.

3.2 Scope

Essentially all state governmental entities will utilize this system within defined roles and responsibilities. Affected organizations will participate in project team and leadership roles to develop and transition over time to a standardized, integrated, automated system to support administrative functions. State departments were consulted and reviewed and agreed that the proposed system requirements met their business needs prior to the beginning of Design, Development, and Implementation (DD&I). Upon full implementation, multiple legacy systems in each of the 140 plus departments will be eliminated and the state's financial management activities will be integrated into one system.

3.2.1 Scope Effort

Project scope includes the business functionality that will be represented by the initial product selection. System requirements and expected functionality were defined by the Partner Agencies and state departments. Major system functionality is listed below. See Appendix C for a complete table and description of the major and sub functions.

1. Accounting
2. Budgeting
3. Cash Management
4. Procurement
5. Vendor Management

3.2.2 Out of Scope Functionality

The functions that are not in the scope of the FI$Cal Project have also been defined by the Partner Agencies and departments. These include the larger functions of Asset Management beyond Asset Accounting, Inventory Management, Human Resources, Revenue Forecasting, Employee Expense Claims, and Specialized Business Functionality Department Systems. See Appendix D for a complete table of the major and sub functions and examples of each.

The current scope of the Project does not include deferred and exempt departments. Deferred departments are defined as departments that have implemented or are in the process of implementing an ERP system. As these department's ERP systems require upgrades or the department desires expanded functionality, they will move to FI$Cal, and as such are referred to as "deferred departments." A standard interface will be developed for these departments to either exchange data or information through the interface, or to enter state-level information into the statewide ERP system as needed by the Partner Agencies. Exempt departments are defined as certain departments within the state that have special statutory provisions that allow them to use systems other than FI$Cal for their financial management. Exempt departments will not use FI$Cal for accounting, budget development, and procurement, but will exchange necessary information with FI$Cal to support the statutory and constitutional functions of the Partner Agencies.

3.2.3 Summary Milestones and Deadlines

The Project has implemented an approved project schedule with summary milestones. The following chart displays the Project's high level milestones since project inception:

Table 2 – Milestones

MILESTONE	STATUS
Initial Planning	Complete
Special Project Report 1	Complete
Memorandum of Understanding (MOU) with Partner Agencies	Complete
Special Project Report 2	Complete
Project Review	Complete
Special Project Report 3	Complete
Pre-Fit-Gap Activities – Stage 1	Complete
Release Request for Proposal for Fit-Gap	Complete

MILESTONE	STATUS
Execute Fit-Gap	Complete
Conduct Stage 2 Acquisition	Complete
Award Stage 2 Contract for Software and System Integrator	Complete
Design, Development, and Implementation (DD&I) Start	Complete
FI$Cal Service Center MOU with Partner Agencies	Complete
Pre-Wave Implementation	
Wave 1 Implementation	
Wave 2 Implementation	
Wave 3 Implementation	
Wave 4 Implementation	
Post Implementation Evaluation Report (PIER)	

3.3 Project Assumptions and Constraints

The following sets forth the assumptions on which the Project is based and the constraints under which the Project is to be conducted.

3.3.1 Assumptions

Table 3 – Assumptions

1	Adequate project funding is available throughout the project life cycle.
2	Accenture LLP will fulfill their contractual obligations.
3	Departments and Partner Agencies will fully participate in the design, development, and implementation of FI$Cal including the following: • Will participate in business process reengineering and adopt newly reengineered processes • Will make timely decisions and perform required activities within scheduled timelines • Will provide highly qualified, collaborative staff, who are empowered to make decisions and perform project activities on behalf of their departments
4	For legacy systems that are to be retired, the state will support and operate in a dual environment with the ERP system when necessary. As legacy systems are phased out and the new ERP system is implemented, temporary interfaces with these systems will be required.
5	The IT infrastructure at state agencies (including network bandwidth, workstations or desktop platforms) is sufficient to support this solution. The scope of FI$Cal does not include departmental infrastructure. However, FI$Cal will provide technical specifications to all project participants so they can validate and remedy any deficiencies.
6	Currently, select position data is available from the SCO legacy systems. This information will continue to be made available to FI$Cal from the SCO legacy systems and/or MyCalPAYS as applicable.
7	State agencies and departments, including deferred and exempt departments, will participate and provide information as required to successfully develop and implement system interfaces and data exchange processes.

8	FI$Cal will be able to recruit and retain a workforce with the necessary skills, knowledge, and experience to implement, operate, and maintain the selected system consistent with the project schedule and defined roles and responsibilities.
9	Accenture has provided a comprehensive FFP bid based on their in-depth understanding of the state's needs and requirements gained through the Fit Gap and negotiation process.
10	The state will minimize system customizations to preserve the flexibility and ability to maintain and upgrade FI$Cal.

3.3.2 Constraints

Table 4 – Constraints

1	The Project is subject to annual budget appropriations for expenditures and staffing.
2	Existing laws may need to change to support business process reengineering. The Project is constrained by the legislative processes and timelines.
3	The solution will be housed within a state data center.

3.4 Project Priorities

The four variables that project managers can change on a project to maintain performance are: scope, schedule, resources, and quality. These four factors are interrelated – a change in one impacts the others. The chart below represents the Project's prioritization of the quadruple constraint factors. The Project enhances the chances for success by determining a distinct priority of the components and managing the Project to that prioritization.

1. Scope refers to the necessary work to be performed in order to produce the desired project results.
2. Schedule (Time) is defined as the duration of time it will take to complete the defined scope of the Project.
3. Resources include the budget and effort expended on staff, services, and products.
4. Quality can be defined as meeting the customer's expectations, achieved by way of deliverables and/or activities performed to produce those deliverables.

The following table uses a trade-off matrix to show the relative importance of each factor using priority of 1 (highest) to 4 (lowest) for each of these factors. The priorities reflect the view of the project management, which are subject to change as the Project proceeds. While the constraint of Quality has been added since SPR 3, the relative position of these priorities has not changed.

Table 5 – Project Priorities

SCOPE	SCHEDULE	RESOURCES	QUALITY
2	3	4	1

Appendix A: Steering Committee Membership Names

Table 6 – Steering Committee Membership Names

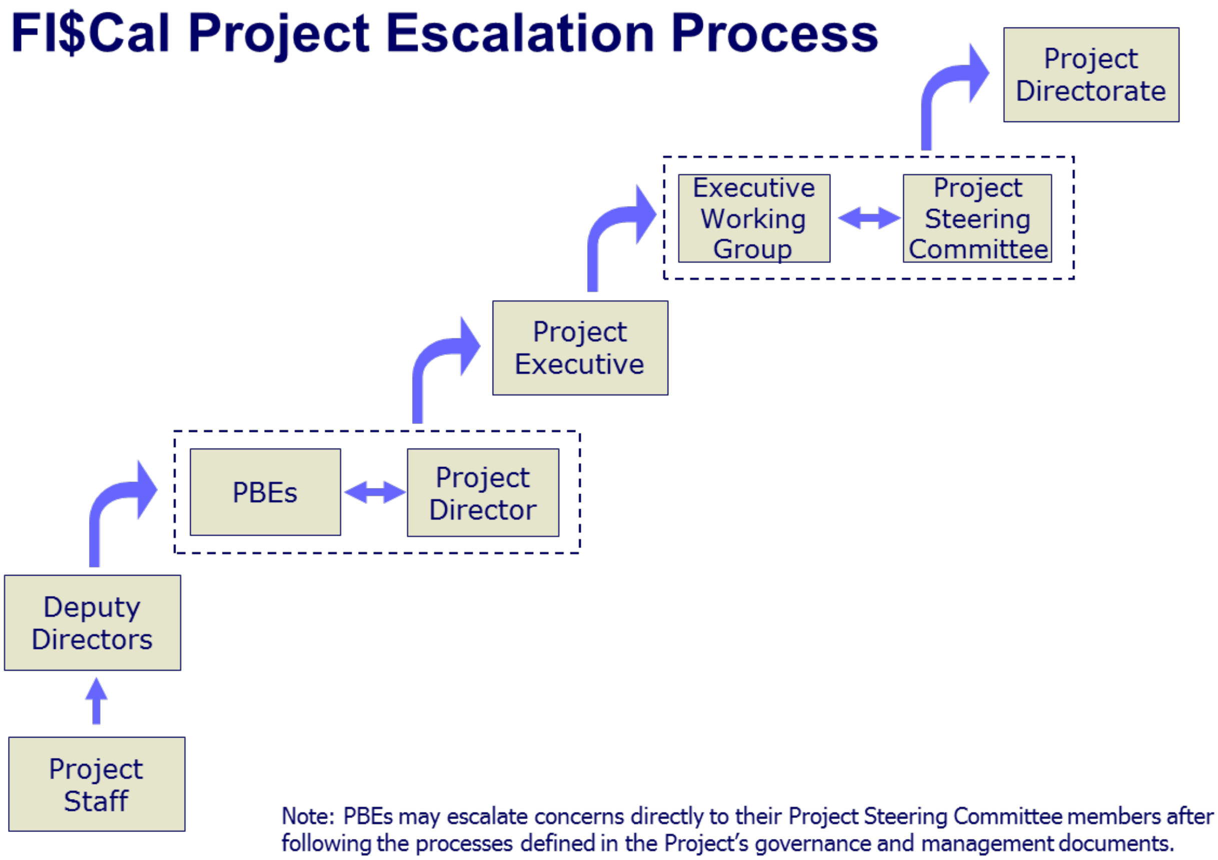
Steering Committee Members			
Name	**Business Title**	**Role**	**SC Executive Working Group Member**
Todd Jerue	Chief Operating Officer, DOF	Project Sponsor - Chair	X
Carlos Ramos	Secretary, California Technology Agency	CTA Committee Member (non-voting)	X
Veronica Chung-Ng	Program Budget Manager, DOF	DOF Committee Member	
Karen Finn	Program Budget Manager, DOF	DOF Committee Member	
Willian Ashby	(Acting) Chief Operating Officer, SCO	SCO Committee Member	X
Jim Lombard	Chief Administrative Officer, SCO	SCO Committee Member	
Jim Butler	Deputy Director Procurement Division, DGS	DGS Committee Member	X
Esteban Almanza	Chief Deputy Director, DGS	DGS Committee Member	
Mark Hariri	Director Centralized Treasury and Securities Management Division, STO	STO Committee Member	X
Jill O'Connell	Chair, Customer Impact Committee	State Agency Representative	
Staff to Steering Committee			
Name	**Business Title**	**Role**	**SC Executive Working Group Member**
Barbara Taylor	FI$Cal Project Executive	Project Executive	X
Tamara Armstrong	FI$Cal Project Director	Project Director	X

Appendix B: Consensus Decision Model and Project Escalation Process

The FI$Cal Project has adopted a Consensus Decision Model for decision making and issue resolution. As items or issues that require decision are brought forth, they will be discussed in order to allow participants and stakeholders to voice their thoughts, reactions, and ideas. A proposal will be put forward that incorporates the various viewpoints. Following the discussion and proposal, the issue will be tested for consensus across the group with a vote. This involves determining who agrees, and who does not, with the proposal, as well as what the major objection points are, and whether there are any blocks. If consensus is reached, the decision can be made. If consensus is not reached, objectors may choose to stand aside, in which case the decision can be made at that time (agree to disagree). If concerns or objections are significant and a stand aside is not an option, consensus cannot be reached and the issue may then be escalated to the Project Directorate.

Figure 3 – Consensus Decision Model

Figure 4 – Escalation Process



Appendix C: Scope Effort

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
Accounting		Accounting is the process of recording, summarizing, and reporting (including ad hoc) the State's financial transactions. The process must properly, accurately, and systematically account for all receipts, disbursements, resources, obligations, and property of the state and must allow for accurate and comparable records, reports, and statements of all financial affairs of the state in compliance with governing accounting and reporting statutes/standards. There must be a single book of record for all of the state's financial transactions. As defined in the Acronyms and Definition section of this SPR.
	Payables	The processes needed to authorize, record, and disburse payments from both a departmental and statewide perspective. <u>General Payables</u> Payables include: • Allowing a three-way matching of a procurement/legal document, invoice, and an acknowledgment of receipt of goods and services. • Initiating, approving, and processing payment requests via workflow. • Tracking payments by specific criteria, such as vendor, commodity/service code, accounting classification and purchase document number. • Making payments to vendors, absent a record in the master vendor file such as Medi-Cal, IHSS, and retirement payments that are generated in major external payment processing systems. • Aging analysis. • Issuing 1099s.

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		• Maintaining payment history. Agency Office Revolving Fund A payment mechanism for departments to issue checks from their revolving fund/agency checking account(s) for permissible uses when immediate payment is necessary. Example payments include salary advance, travel expense advance, and urgent vendor invoices (e.g., payment discount or to avoid Prompt Payment Act penalties). State Controller's Office (SCO) Payments SCO payment processes involve receiving, auditing, and processing payment requests from departments and producing warrants drawn on the State Treasury. SCO payment functions include: • Validation of the legality, propriety, and accuracy of each payment which includes verifying valid appropriation authority, verifying funds availability/sufficient cash, and performing pre- and post-payment audits. • Creation of warrants/statements or print files utilized to print warrants (including registered warrants) and statements. • Creation of NACHA format "bank" files utilized to make direct deposit (EFT) payments. • Creation and maintenance of warrant/payment registers.
	Asset Accounting	The process of accounting and tracking all transactions related to each asset while maintaining uniform accountability for departmental and state-level asset information for reporting. Asset Accounting includes: • Grouping and maintaining assets by major classes. • Grouping separately capital assets related to governmental activities and those related to business-type activities, as required by

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		governing accounting and reporting statutes/standards. • Recording acquisition date, ownership (i.e., department, fund), identification number, depreciation, amortization, and asset acquisition cost or fair value for donated assets. • Recording additions and deletions during the period which demonstrates the change between the beginning and ending book values. • Recording capital and operating leases.
	Bond Accounting	The process of accounting, tracking, and reporting all transactions related to bonds and other debt financing. Bond Accounting includes the recording of: • Bond authority and allocation by project. • Debt financing and bond proceeds. • Expenditure by funding source. • Debt service funding and payments, schedules of outstanding bond balances, and premium/discount amortization. • Reissued and defeased bonds.
	Chart of Accounts	A financial coding structure of all identified accounts used by departments and statewide functions to record financial transactions. The COA allows the state to generate accurate records, reports, and statements of various functions, transactions, and activities. Chart of Accounts: • Ensures consistent recording of transactions in a uniform manner and properly assign transactions to the appropriate accounts and reporting classifications. • Provides a mechanism to ensure uniform processes in the areas of

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		budgeting, accounting, tracking and reporting of state financial activities (such as receipts and disbursements). • Allows access to standardized financial information allowing for reliable statewide comparisons across agencies and departments and the ability to perform detailed analysis on organizations within departments.
	Cost Allocation	A process in which expenditures and encumbrances not initially charged to or directly associated with a program activity can be accumulated and then allocated to the program activities directly associated with those charges. Cost Allocation includes: • Calculating and applying overhead rates for indirect costs. • Distributing costs by user defined formulas, including central services costs.
	Encumbrance	The commitment of all or part of an appropriation for future expenditures. Encumbrances are typically posted from documents such as purchase estimates, purchase orders, and contracts. Encumbrance Accounting includes: • Reserving the amount from the appropriation, allotment and budget balances to reflect encumbrance activities. • Reclassifying appropriate encumbrances at year-end.
	Financial Reporting	Provides timely published information about the financial position, results of operations, and changes in financial position of the state and its legally separate entities. This information is available to a wide range of users in making economic decisions and complying with governing accounting and reporting statutes/standards. Statutory/GAAP Reports preparation includes: • Comprehensive Annual Financial Report

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		(CAFR). • Budgetary/Legal Annual Report and Annual Supplements I and II. • Cash reports (daily, weekly, monthly, annually, or other time period as specified.). • Department financial statements (e.g., year end, budget to actual).
	General Ledger	A central repository for all financial transactions and balances, individually or in summary, based on the Chart of Accounts structure. The general ledger is supported by one or more subsidiary ledgers that provide account details. General Ledger: • Includes postings of all financial transactions, accruals, and closing entries. • Supports the state's fund accounting and financial statement preparation, such as Balance Sheet, Statement of Net Assets, Statement of Activities, and Statement of Operations. • Provides for multiple bases of accounting (e.g., GAAP, budgetary/legal, accrual, modified accrual, and cash) departmentally and statewide.
	Grant Accounting	The process of capturing funding or other assets made available by a government or private organization to be used or expended for a specified purpose, activity or facility. The state may act as a grantor and/or a grantee. Grant Accounting includes: • Meeting federal reporting requirements of all cognizant federal agencies. • Tracking federal reimbursement billings. • Providing sub-grantee accounting for federal pass through or other grants made to cities or counties. • Maintaining and reporting accounting data for a reporting period different from the state

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		fiscal year.
	Labor Distribution	The process of allocating personnel costs and hours to programs and organizations, projects, grants and other chart of account elements. Labor Distribution includes: • Recording personnel services costs based on payroll data from the State Controller's Office (SCO).
	Loan Accounting	The process of accounting, tracking, and reporting all transactions related to loans made from one fund/program/entity to another. Loan Accounting includes: • Recording inter-fund, intra-fund, program, temporary, or long-term loans. • Recording receipts and disbursements as required by governing accounting and reporting statutes/standards.
	Project Accounting	Projects are defined as a temporary endeavor undertaken to create a unique product or service, such as a capital project to construct a new building. The Project Accounting process is used to track the accounting of projects by accumulating all accounting data in one place for those unique products or services. Project Accounting includes: • Project Planning and Data Recording activities. • Project Administration activities for tracking and modifying/amending costs, budgets, resources, funding and other data throughout the project life cycle. • Project Closeout activities for the compiling and summing of project finances, payment of all outstanding invoices, reverting any unused funds and reallocation of any unused resources.
	Receivables/ Receipts	Receivables

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		Amounts owed to the state by entities or individuals. Receivables include: • Billing of fees for services provided by an agency. • Aging analysis. • Payroll accounts receivables. • Tracking collection activity for overdue receivables. • Tracking and submitting receivables for offset including amounts owed from governmental and non-governmental entities. Receipts Currency, checks, warrants, and other negotiable instruments that are received for deposit. Receipts include: • Classifying and recording receipts by type and purpose. • Recording miscellaneous receipts not tied to a billing.
Budgeting		Budgeting is a multi-stage process that occurs throughout the fiscal year. The budget enacts both fiscal and operational policy for the state. The final budget, which is the state's plan of operations expressed in terms of financial or other resource requirements for a specific period of time (GC 13320, 13335; SAM 6120), is required to be enacted by July 1 of each year. The scope of the Budget process incorporates the planning, reporting (including ad hoc) and allocation of both financial and personnel resources, the receipt and disbursement of monetary resources according to the approved allocations, and the monitoring of resources to reconcile expenditures with appropriations and to track performance and output. There must be a single system of record that provides an official source for all of the state’s budget data.

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
	Budget Administration	The process of administering the annual Budget begins with an enacted budget and continues for multiple years, based on the authority provided. Budget Administration includes: • Administering departmental spending authority, expenditures, and program activities throughout the authorized period. • Maintaining, monitoring and reporting on budget activity throughout the authorized period. • Monitoring revenues and fund conditions. • Analysis and tracking of legislation, and various budget-related issues (issue memos, etc.). • Distributing and tracking the status of Legislative reporting pursuant to Budget Act Section requirements.
	Budget (Appropriation Control)	The goal of Appropriation Control is to ensure that departments are operating within their approved /authorized budget levels, and taking corrective action in case of unforeseen circumstances. Appropriation Control includes: • The real-time monitoring and reporting on encumbrances, expenditures and program activities throughout the authorized (available and liquidation) period. • Recording and tracking Executive Orders and Budget Revisions. • Allotment accounting for departments. • Accounting for appropriations by period of availability and period of liquidation. • Identifying transactions that exceed appropriation control amounts. • Identifying unencumbered and un-liquidated balances.
	Budget	Budget development uses year-end statements of

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
	Development and Enactment	actual expenditures, and/or current year initial appropriations and projected expenditures as the basis for preparing the state's annual operating plan (budget). The Budget Development and Enactment process includes estimating, tracking and reporting: • All budget submission and planning processes, including decision making support, baseline budget development, Budget Change Proposals, and other policy adjustments. • Other budget development processes, such as determining compliance with and tracking of the State Appropriations Limit, etc. • Spring budget updates. • Cost recoveries. • Legislative actions. • The Governor's veto process. In order to develop proper resource allocations, budget development makes frequent use of revenue estimates for most non-major revenues (e.g., special funds), existing position control and salary administration data from the SCO to estimate available personnel resources, and at the very least summary data forecasts for the General Fund. This process results in: • Publication of the Governor's Budget, Governor's Budget Summary, Salary and Wages Supplement, May Revision Highlights, Budget Highlights, and other periodic and/or statutorily required budget related documents. • Provision of access to budget publications via the eBudget website. • Enactment of the state budget.
Cash Management		Cash management is the process of ensuring sufficient cash availability and minimizing cash flow borrowing costs by controlling, tracking, analyzing

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		and forecasting cash inflows and outflows.
	Cash Flow	Monitoring of the state's cash inflows, outflows and available cash on a daily, monthly and yearly basis, or other time period as specified. Cash Flow includes: • Recording accumulated deposits/withdrawals from each Demand Deposit Bank. • Recording transactions for demand checks issued and drawn against any of the depository banks. • Recording all transfers within state and external entities. • Tracking of General Fund cash flow borrowing and borrowable resources, by fund and daily balances. • Tracking and recording of receipts and payment dates. • Identifying funds that are deposited and withdrawn from state funded cash, PMIA and SMIF. • Recording and tracking of the exchange of funds between the federal government and the state in accordance with the federal Cash Management Improvement Act.
	Cash Forecasting	Estimating and forecasting cash balances timely to ensure cash availability, maximize investment opportunities, and minimize borrowing requirements. Cash Forecasting includes identifying: • Deposits, receipts, disbursements, and balances. • Disbursements for other special circumstances, such as those that could be paid with an IOU, and determining and tracking priority vs. non priority payments. • Internal and external borrowing amounts and

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		costs. • Models based on confidential control agency decisions/deliberations.
	Bank Reconciliation	The process of comparing and matching amounts from the state's accounting records against the amounts reflected in the banks' records. Bank Reconciliation includes: • Recording manual, electronic, Zero Balance Account (ZBA) deposits. • Matching agency deposits and demand checks against third party financial institution records. • Matching agency deposit records against records recorded by the State Treasurer's Office (STO).
	Check Reconciliation	The process of comparing and matching checks issued against STO paid items. Agency Check Reconciliation includes: • Matching issued check data against paid data. • Creating files of outstanding checks issued and stop payment items. • Updating check data to paid status or other applicable status. • Aging analysis.
	Warrant Reconciliation	The process of comparing and matching warrants issued against STO paid items. SCO Warrant Reconciliation includes: • Matching issued warrant data against paid data. • Creating validation files of outstanding warrants issued, and stop payment items. • Updating warrant data to paid status or other applicable status; and creating accounting

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		transactions based on warrant status updates. • Providing the life cycle of all warrants issued. • Recording the redemption date of registered warrants for calculating interest and generating journal entries. • Aging analysis.
Procurement		The procurement process consists of three stages: acquisition planning, the acquisition phase, and post award activities. Rules governing what transpires during each stage vary based on the classification of the transaction (e.g., goods, services, information technology (IT) goods/services, construction, architecture and engineering). An acquisition approach could be competitive, non-competitive, or an existing source might be used such as a state program or a leveraged procurement agreement. Most departments do not have inherent procurement authority for all classes of items. There must be a single system of record that provides an official source for all of the state's procurement data.
	Agreements	Special or collective-use agreements generally do not follow the typical requisition-solicitation-purchase document sequence. Agreements include: • Utilizing strategic sourcing for planning purposes. • Departmental contracts (e.g., Interagency Agreements, intra-agency master agreements, blanket purchase orders). • The state's leveraged procurement agreements as applicable for statewide and local government use. • Processing emergency acquisitions.
	Acquisition Process	The Acquisition Process includes functionality to: • Identify and administer purchasing authority

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		and related fees. • Execute planning activities (e.g., Request for Information). • Identify projects and track associated acquisitions. • Standardize use of commodity/service codes. • Create and revise requisitions. • Execute approvals and exception requests. • Create and manage purchase documents, including financed transactions. • Accommodate post award activity, such as delivery, receipt, and various contract and project management activities including disputes, change, subcontractor activity management and acceptance of goods/services. • Manage the state’s payment card activity. • Automate reporting for various purposes, such as mandated requirements, statewide purchase document usage, and associated activities. • Procure for another or multiple departments. • Allow restricted access for businesses.
	Solicitation and supplier comparison processes	Covers the interactive process between offeree and offeror. Solicitation and supplier comparison processes include: • Utilizing best practices for electronic bids/offers for competitive, non-competitive, and existing source acquisitions, such as: o Solicitation creation that includes various provisions, such as participation programs. o Canvassing suppliers. o Sealed bid receipt. o Bid evaluation or supplier comparison and tabulation (e.g., preference and incentive

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		calculation). o Eligibility validation. o Reverse auctions. • Managing associated multi-step processes, such as: o Bidder's conference. o Questions/answers. o Multi-step proposal submission (e.g., draft, final). o Supplier selection approval process. • Accommodating phone quote process.
	Notices of intent to award and contract award	Covers miscellaneous activities, including but not limited to: • Protest processes. • Purchase document registration. • Record keeping.
	Announcements, solicitation advertisement, and supplier subscription service	Includes various activities that support the acquisition process such as: • Establishing supplier profiles. • Posting information, such as solicitation advertisements, contractor advertisements, and special announcements. • Notifying suppliers.
	Electronic catalogs and catalog ordering	Covers processes for establishing and using catalogs. Includes catalogs for: • Leveraged procurement agreements. • State contracts. • Commercial electronic catalogs (excludes catalogs that require memberships).
Vendor Management		Vendor Management includes functionality that supports various vendor processes and provides a statewide central source of vendor information (i.e., Master Vendor File) used by all departments for

Table 7 – Scope Effort		
Major Function	**Sub Functions**	**Description**
		procurement, receiving, and payment functions. The process allows the state to administrate, maintain, track, and report on vendor activities. Examples include: • Registration. • Certification (e.g., small business and DVBE online self-certification). • Performance Rating. • Validation (e.g., prenote, National Provider, and Taxpayer Identification Number). • Eligibility status (e.g., active, dispute, inactive/purge). • Affiliate identification (e.g. parent/child, related businesses). • Payee data (e.g., banking information and pay to address).

Appendix D: Out of Scope Functionality

Table 8 – Out of Scope Functionality		
Major Function	**Sub Functions**	**Comments**
Asset Management	DGS/Department Functions	Functions where asset management functionality is desired beyond asset accounting as described in Section 4.5.1 Project Scope.
Procurement	Inventory Management	Functions that track the warehousing, utilization, and restocking of inventory.
Human Resources	Human Resources	All functions with the exceptions noted in the Initial Scope Efforts. The payroll system administered by SCO will be the source of data.
Revenue Forecasting	Revenue Forecasting	Forecasting requirements performed by Finance for major revenues using data which originates from departments (e.g., FTB, BOE).
Payables	Employee Expense Claims	SCO has CalATERS in place which all departments are mandated to use by July 1, 2009. When CalATERS must be upgraded, just like the other A/R systems, this software may be used for the future replacement or upgrade of these systems in separate but related projects. There may be departments exempt from CalATERS that may require this functionality sooner as a separate but related project.

Table 8 – Out of Scope Functionality		
Major Function	**Sub Functions**	**Comments**
Various	Specialized Business Functionality Department Systems	Specific functionality, such as major (very large and specialized) Cashiering/Cash Receipting/Accounts Receivable, is excluded. However, a key function is to record revenue and cash and reconcile to the cashiering subsidiary systems. Accounts Receivable must be part of this FI$Cal system. It is a critical subsidiary to the GL and a foundation of the ERP. Very large, specialty A/R systems such as Department of Public Health's Genetic Disease billing system or Franchise Tax Board's ARCS (Accounts Receivable Collection System) are not part of this project. Therefore, the software selected will stipulate that capabilities to support these types of functions will be available because the tool selected may be used for the future replacement or upgrade of these systems in separate but related projects.
Various	Specialized Business Functionality Department Systems (cont.)	There are also very specialized expenditure programs such as Medi-Cal, In-Home Supportive Services, and Child Support that have special custom programs to meet their mandates. Some specialized systems will reside outside of FI$Cal (for example, to determine what amounts should be apportioned to local governments, what should be paid to IHSS providers). It is expected that only limited standard functions of these and other special expenditure programs will be part of the FI$Cal system such as validation of cash and appropriation availability, warrant reconciliation, and payment history. Interfaces will be needed to send data from the SCO's various claims processing systems that produce payments for the specialized expenditure programs, to the FI$Cal system.