



FI\$Cal

Financial Information System for California



Annual Report to the Legislature
February 2015



DGS
GENERAL SERVICES





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SIGNATURE PAGE

The FI\$Cal Steering Committee Members by consensus decision approved this Annual Report to the Legislature on February 13, 2015.

Project leadership approval/concurrence:


Barbara Taylor
Project Executive


Tamara Armstrong
Project Director


Jeff Uyeda
Executive Partner

LEGISLATIVE MANDATE

Legislation codified in [Government Code Section 13300.5](#) requires the FISCAL Project (“the Project”) to report to the Legislature an update on the Project, by February 15 of each year, with the following information:

1. An executive summary and overview of the project’s status.
2. An overview of the project's history.
3. Significant events of the project within the current reporting period and a projection of events during the next reporting period.
4. A discussion of mitigation actions being taken by the project for any missed major milestones.
5. A comparison of actual to budgeted expenditures, and an explanation of variances and any planned corrective actions, including a summary of FISCAL project and staffing levels and an estimate of staff participation from Partner Agencies.
6. An articulation of expected functionality and qualitative benefits from the project that were achieved during the reporting period and that are expected to be achieved in the subsequent year.
7. An overview of change management activities and stakeholder engagement in the project, including a summary of departmental participation in the FISCAL project.
8. A discussion of lessons learned and best practices that will be incorporated into future changes in management activities.
9. A description of any significant software customization, including a justification for why, if any, customization was granted.
10. Updates on the progress of meeting the project objectives, including the objectives provided in paragraph (1) of subdivision (c) of Section 15849.22.

The initial report, due February 15, 2013, shall provide a description of the approved project scope. Later reports shall describe any later deviations to the project scope, cost, or schedule.

This report represents the third submission of the Annual Legislative Report per Mandate [Government Code Section 13300.5](#).



EXECUTIVE SUMMARY/OVERVIEW OF PROJECT STATUS *(Legislative Mandate #1)*

The Financial Information System for California (“FI\$Cal” when referring to the System; the “Project” when referring to the FI\$Cal Project Team) is one of the largest and most dynamic information technology undertakings in the history of the State. In 2013, the FI\$Cal Project began to roll out a system that will forever change the way California conducts its financial management activities, with a major rollout of key functionality in 2014. This major event is thanks to an extensive effort that includes FI\$Cal’s leaders and teams, the Partner Agencies¹, Accenture, LLP (Accenture) as the System Integrator, multiple contractors, representatives from many State agencies and departments, and the Legislature.

FI\$Cal is intended to enable the State of California to combine accounting, budgeting, cash management, and procurement operations into a single financial management system. This will eliminate the need for more than 2,500 independent legacy systems and department-specific applications that support the internal financial management operations of the State. Most of these systems and applications do not communicate with each other, and have exceeded their useful lives.

Among its many benefits, FI\$Cal will provide State agencies and departments the ability to manage California’s annual budget in an integrated, automated system, produce accurate financial data, manage and automate approvals through workflow, consolidate vendor information into one master file, reduce State government’s environmental footprint by reducing paper consumption, and eliminate many of the State’s outdated legacy financial management systems.

The Project is using proven technology and leveraging best practices and lessons learned from Enterprise Resource Planning (ERP) experts and other projects. By standardizing business processes, FI\$Cal will eliminate the need for redundant manual input, time-consuming reconciliations, and auxiliary systems and spreadsheets. These changes will increase the accuracy, timeliness, and flexibility of data reporting, improve financial management, and enhance transparency.

The Project is implementing a commercial-off-the-shelf (COTS) ERP solution. COTS ERP solutions have been widely and successfully deployed for years in both the private and public sectors. Benefits include greater operational efficiency due to the establishment of more effective business practices and elimination of unnecessary steps.

To achieve the Project vision of implementing a statewide ERP to be used by the four Partner Agencies and all departments (with exceptions as permitted by law), the Project developed objectives that specify what benefits the selected ERP system should provide. The vision and objectives for FI\$Cal have been codified in [Government Code Section 15849.22](#).

This FI\$Cal Annual Report to the Legislature addresses in detail the items delineated in the legislative mandate, covers the period from January 1, 2014, through December 31, 2014, and includes a look-ahead period as appropriate. It further endeavors to provide the Legislature with insight into our progress toward meeting the objectives noted above as the Project moves through the scheduled five wave deployments, composed of Pre-Wave and Waves 1-4.

¹ The Partner Agencies are the Department of Finance (DOF), the State Treasurer’s Office (STO), the State Controller’s Office (SCO), and the Department of General Services (DGS).

Critical Wave 1 functionality related to budgets, accounting, and procurement was deployed on schedule in July 2014. Some Wave 1 functionality that was either not immediately necessary or less critical was delayed to release at a later date. This delayed functionality was divided into 3 releases: 1.1, 1.2, and 1.3 (collectively known as Wave 1.x) for deployment later in 2014 and in 2015.

Although the deployment of most of Wave 1 functionality was on schedule for PeopleSoft, the Hyperion implementation took longer than anticipated to deploy. Hyperion was not fully operational until September, and due to unexpected system problems, required significant Project support to produce the 2015-16 budget in Hyperion.

The support period for Wave 1 departments to use PeopleSoft is significantly more than originally planned, even though the number of users was reduced by two large agencies planned for Wave 1: the Board of Equalization (BOE) and the Department of Justice (DOJ). This additional work to stabilize the Wave 1 departments, while critical, delayed the Wave 2 and Wave 3 activities. As of this date, only 7 of 10 Wave 1 departments have closed the accounting period of July, and only 1 department has closed more than one month.

Wave 2 activities began in March 2014. The Project remains on schedule and within budget for a Wave 2 deployment of statewide procurement and additional departments, including Contracted Fiscal Services (CFS) in July 2015. However, DGS' back office system (ABMS) is behind schedule due to gaps between current ABMS functionality and FI\$Cal system functionality and requires additional analysis and design.

Although some Wave 3 change management activities began in July 2014, the analysis of the core accounting and cash management functions for the SCO and STO did not begin until September 2014 and were not completed by December 31 as planned. As of this report, the analysis phase of the Wave 3 design is still in progress. This delay is primarily caused by two factors: 1) competing priorities (continuing support of Wave 1 departments), and 2) the analysis and design of the complex control agency functionalities that are the main focus of Wave 3.

The mandate for this report requires that we include Project history. In this 2014 report we include past history for 2013 and a link to the FI\$Cal website for history prior to 2013. This 2014 report covers Project events in 2014 and projected events for 2015.

Significant Events in 2014

Significant events since the submission of the last FI\$Cal Annual Report to the Legislature dated February 14, 2014 includes the following:

- The Control Section 11.00 letter associated with Special Project Report 5 was issued February 12, 2014, and approved by DOF on March 14, 2014.
- Deployment of Wave 1 accounting, budgeting, and procurement functionality to 722 users within 13 State entities in July 2014. This functionality provides centralized vendor data management as well as a standard Chart of Accounts (COA) and budget structure.
- SCO and STO departmental accounting offices (internal accounting and procurement) completed additional testing prior to transacting in FI\$Cal. SCO began transacting in FI\$Cal on December 15, 2014. STO budgeting went live in July; however, STO internal accounting and procurement will go live with Wave 2.
- Significant expansion of the FI\$Cal Service Center (FSC) to support the new Wave 1 functionality and end users. In addition to providing technical support, the expansion

includes centralized business services, access management, and coordination with the business and change management functions within FI\$Cal to provide education and training support.

- The level of support required for the Wave 1 departments to use PeopleSoft exceeded what was originally planned for Wave 1. The Project provided many additional support sessions as well as individual attention to the Wave 1 departments. These were deliberate mitigation steps implemented to assure Wave 1 success. However, this critical support for Wave 1 departments eroded time originally set aside for Waves 2 and 3. The complexities in these waves will likely require additional time in the analysis, design, and build phases to achieve success.
- User support labs and job aids were available for end users.

For Wave 1.1, month-end close reports were developed and deployed to support month-end and post-closing reconciliation processes.

Events Forecast for 2015

Notable events forecast for the next reporting period include the following:

- **Wave 1.2**
 - Governor's Budget released: FI\$Cal (Hyperion) is the Budget System of Record for the development of the Governor's Budget. As background, in July 2014 the Project deployed accounting functionalities for Wave 1 departments in PeopleSoft and statewide budget preparation for all departments in Hyperion. Going forward, departments will provide budget information to DOF either by keying the data directly in the System or by completing upload templates. The Project is making changes to the Hyperion system that will streamline manual entry of data.
 - Continue to support user support labs and develop job aids
 - Hyperion reports to support budget preparation for the proposed 2015-16 Governor's Budget. (This Wave 1.2 activity was completed in 2014.)
 - Hyperion statewide past year conversion
 - Year-end close reports testing
 - SCO claim certification
 - Asset Accounting Query Report.
- **Wave 1.3**
 - Hyperion functionality for spring budget process and reports to include items such as budget enactment and administration
 - May Revision and Budget Enactment: FI\$Cal (Hyperion) will support the business processes for the May Revision and enactment of the 2015-16 Budget.
- **Wave 2.** Projected completion of the following activities:
 - Statewide procurement control functions will transition to FI\$Cal. FI\$Cal will become the procurement system/book of record, which includes the following functionality:
 - Sourcing, bidder registration, intent to award, contracts, interagency agreements, and real property acquisitions

- Replacement of BidSync functions
- Public access to the California State Contracts Register, State Contract and Procurement Registration System, Small Business/Disabled Veteran Business Enterprise (SB/DVBE), Leveraged Procurement Agreement contracts, and progress payments
- Vendor certification
- Statewide Vendor Management File (VMF) for procurement
- Delegated authority
- Lease or installment purchase
- California Multiple Awards Schedule functions
- Bid protests.
- Vendor portal suppliers will be able to use the vendor portal to submit various data and documents to FI\$Cal, such as business financial tax documents, in conjunction with certification/subscription registration and joint venture requests. The System will then automatically determine vendor eligibility for any of several different certifications, such as SB/DVBE.
- Wave 2 departments go live with both the functionality included in the Wave 1 implementation and new Wave 2 functionality as listed below:
 - Budgeting
 - Statewide Chart Of Accounts
 - Labor Distribution
 - Statewide Procurement
 - Requisition to Warrant
 - Customer Contracts
 - Grants and Project Management
 - Project Costing
 - Accounts Receivable/Billing
 - Asset Accounting
- **Wave 3.** Begin the following activities:
 - Business Process Workshops: These workshops will enable departments to gain an overview level of understanding of the Wave 3 FI\$Cal business processes, provide change impact tools to aid them in identifying and managing department-specific impacts, and provide an understanding of the FI\$Cal end-user roles for participation in role mapping working sessions.
 - Data Conversion and Interface activities: During conversion and interface activities, FI\$Cal will provide support and feedback, monitor and track delivery of data, and validate progress with each department.
 - As described in SPR 5, Wave 3 includes an upgrade to PeopleSoft version 9.2. In 2015, the Project will complete analysis of the differences between PeopleSoft versions 9.1 and 9.2 and the best sequencing for implementation; determine what regression testing is necessary for the upgrades and complete the testing; and update the training materials for the Wave 3 implementation as well.

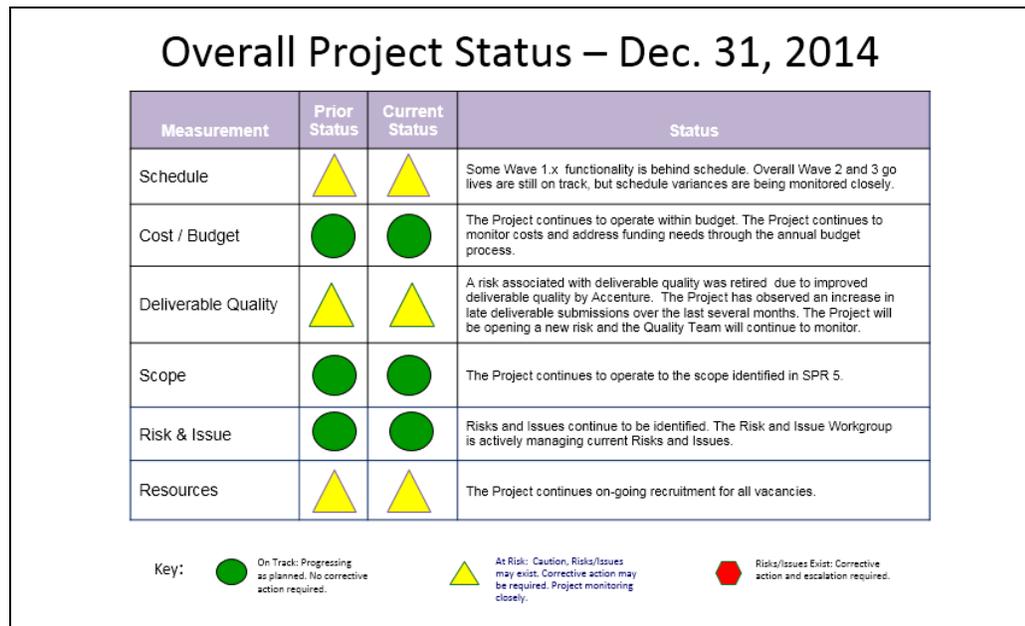
- The Project schedule includes engaging the Wave 4 departments in July 2015. This is a critical step in the overall success of the Project. It provides the Wave 4 departments with information regarding the upcoming FI\$Cal workload and system impacts for the future.

It is apparent that the workload volume and complexity of Wave 3, Wave 1, and Wave 2 support, System upgrade work, and outreach to Wave 4 departments now exceeds the Project’s ability to perform all tasks within the current production calendar and with existing resources. A successful implementation of Wave 3 functionality requires a thorough Fit/Gap² analysis and confirmation that the system design meets the Project requirements. Although this analysis is in process, for complex organizations like the State of California, these tasks will take more time than originally planned. A successful implementation of Wave 3 could require a change in the Project schedule. If so, alternatives will be explored to address this issue and will be presented within the next few months.

Project Health

Figure 1, FI\$Cal Dashboard, presents a high-level assessment of the status of the Project based on six basic criteria: schedule, cost, deliverables, scope, risks, and resources.

FIGURE 1. FI\$CAL DASHBOARD



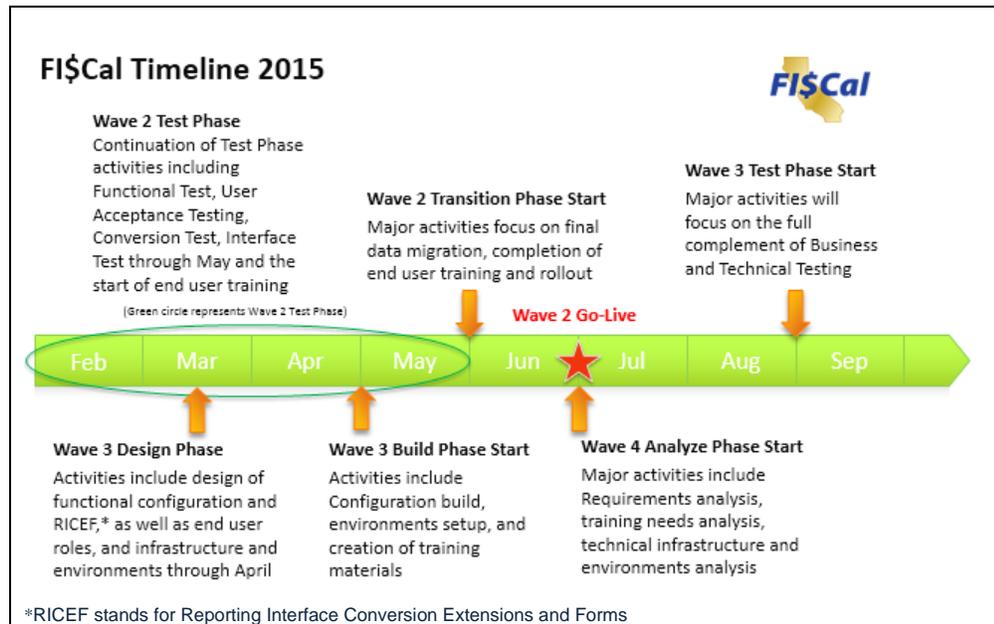
The above dashboard is as of December 31, 2014 and does not include pending Change Requests or work still in the pipeline that may have a direct impact on the schedule in 2015.

² Fit/Gap analysis is a phase in the project life cycle where a study is done to identify whether the present system fits the requirements. If any gaps are identified, they are recorded in a prescribed format. The analysis is used for implementing the correct requirement in the project.

Project Timeline - Calendar Year 2015

Figure 2 gives an overview of the Project timeline for calendar year 2015.

FIGURE 2. 2015 PROJECT TIMELINE



PROJECT HISTORY (Legislative Mandate #2)

The following is a summary of major accomplishments in 2013. Previous Annual Reports to the Legislature are available on the [FI\\$Cal website](#) and contain history of the Project since it began in 2005.

Completion of Pre-Wave

Pre-Wave provided a go live prior to Wave 1 that built a statewide financial system roadmap and implemented automated workflow processing for requisitions, purchase orders, receiving, and the Vendor Management File to support that functionality. In addition, Pre-Wave included 1) the onboarding of both Accenture and State Project resources 2) the establishment of approximately 75 percent of FI\$Cal's infrastructure, and 3) execution of a full cycle of the phases included in Accenture's Delivery Methods. Pre-Wave allowed the Project to gain valuable expertise and lessons learned which have been applied as the Project progressed.

The following table describes significant events that occurred in 2013 by wave.

TABLE 1. HISTORICAL SIGNIFICANT EVENTS FOR 2013

Chronology of Significant Events in 2013	
Wave	Activity
Pre-Wave	Hardware and software installation and configuration completed
	Build Phase completed
	Technical design, build, and unit test for RICEF units completed

Chronology of Significant Events in 2013	
Wave	Activity
	Dry run completed
	Data conversion and interface activities completed
	UAT completed
	Test Phase completed
	Dress rehearsal completed
	End user training completed
	User support labs conducted
	Cutover ³ activities completed
	Go live
Wave 1	Fit/Gap analysis completed
	Change Network established
	Conference Room Pilot (CRP) sessions completed
	Analyze Phase completed
	Requirements Traceability Matrix (RTM) completed
	Design Phase completed
	Upgrade to Hyperion ⁴ release 11.1.2.3 completed
	Change Champion Network established
	Independent consultant for readiness assessment engaged
	Build Phase completed
	Test environment completed
	Interface and conversion workshops conducted
	Business Process Management Workshops (BPW) completed
	Technical design, build and unit test for RICEF units completed
Wave 2	Change Request to move Legacy Data Repository (LDR) to Wave 2 approved. Change Request for Business Process Management approved by the Steering Committee.

³ Cutover is a period of time when the legacy system data is migrating to the new system. Once cutover activities have been completed, FI\$Cal becomes the system of record for the affected departments and functionality.

⁴ Hyperion is an Oracle software product for budgeting and planning that integrates financial and operational planning processes.

SIGNIFICANT EVENTS IN 2014 AND FUTURE ACTIVITIES IN 2015 (Legislative Mandate #3)

Table 2 gives significant events that occurred in 2014 and are planned to take place in 2015.

As background for 2014 significant events, SPR 5, approved in 2014, made the following changes to the Project:

- Changed DGS from a partially deferred department for its operations to a Wave 2 department by adding its Activity Based Management System.
- Shifted the SCO and the STO control agency functions to Wave 3 with a new go-live date of July 2016
- Shifted the majority of departments to Wave 4 with a new go-live date of July 2017
- Included a new PeopleSoft upgrade in Wave 3.

The Wave 1.x functionality represents items that for various reasons were determined to be necessary or acceptable to release into production after the July 2014 go live on a flow basis when completed, including the following:

- Wave 1.1 – Reports such as the Agency Reconciliation Report and the Plan of Financial Adjustment Report to support month-end, post-closing reconciliation processes and updates to some SCO payment interfaces.
- Wave 1.2 – Hyperion reports to support budget preparation for the Governor’s Budget, Hyperion statewide past year conversion, Final Budget Report, SCO Claim Certification, Asset Management Query Report, and testing of Year End Close reports.
- Wave 1.3 – Hyperion functionality for Spring Budget Process and related reports.

TABLE 2. SIGNIFICANT EVENTS IN 2014 AND PLANNED FOR 2015

Activity	Wave 1	Wave 1.x			Wave 2			Wave 3		
	Completed in 2014	1.1*	1.2**	1.3**	Started in 2014	Completed in 2014	Projected Completion in 2015	Started in 2014	Completed in 2014	Start in 2015
Accenture Service Level Agreement completed	✓									
Data conversion and interface activities	✓	✓			✓					✓



Activity	Wave 1	Wave 1.x			Wave 2			Wave 3		
	Completed in 2014	1.1*	1.2**	1.3**	Started in 2014	Completed in 2014	Projected Completion in 2015	Started in 2014	Completed in 2014	Start in 2015
Functional and integration test	✓	✓	✓	✓	✓					✓
Disaster recovery testing	✓						✓			
User Acceptance Testing	✓	✓	✓	✓			✓			
Readiness of FSC Service Desk processes and tools	✓						✓			
FSC staff trained to run the FSC	✓						✓			
Go live	✓						✓			
FSC began daily operations	✓									
User support lab available	✓	✓	✓	✓			✓			
Design and develop end user training					✓					✓
Deliver end user training	✓						✓			
Develop Job Aids	✓	✓	✓	✓			✓			
Cutover activities	✓						✓			



Activity	Wave 1	Wave 1.x			Wave 2			Wave 3		
	Completed in 2014	1.1*	1.2*	1.3**	Started in 2014	Completed in 2014	Projected Completion in 2015	Started in 2014	Completed in 2014	Start in 2015
Change Network launch						✓			✓	
Fit/Gap Analysis							✓	✓		
Conference Room Pilots						✓				
Business Process Workshops						✓				✓
Analyze and design technical architecture		✓	✓				✓	✓		
Analyze requirements							✓	✓		
Design configuration							✓			✓
Design RICEF			✓	✓			✓			✓
Build configuration							✓			✓

* Scheduled to complete end of January 2015.

** Started in 2015. Scheduled to complete in 2015.



MITIGATION ACTIONS FOR MISSED MAJOR MILESTONES (Legislative Mandate #4)

The Project did not miss any major milestones in 2014 as defined in SPR 5. Some Wave 2 functionality is still scheduled to go live in July 2015, and Wave 3 is still scheduled to go live in July 2016. While some key activities did run late during the Wave 1 testing phase, such as Functional Testing, Performance Testing, and User Acceptance Testing, the Project was able to launch Wave 1 in July 2014, deploying PeopleSoft functionality to 13 State entities and Partner Control Agency functions. However, what was unexpected was the level of support that was needed for the Wave 1 departments combined with Wave 1.x activities. Wave 1 departments required more resources than originally anticipated from State and Accenture staff. The tradeoff for the Wave 1 success is that the Project activities scheduled for Wave 2 and Wave 3 are behind schedule. While the majority of the Wave 1 accounting functionality was deployed, some Hyperion budget functionality was not deployed at go live, but was released through Wave 1.x in support of the creation of the 2015-16 Governor's Budget from FI\$Cal.

The Project takes a very proactive approach to monitoring late activities and implementing mitigation actions. Each situation is analyzed and appropriate steps are taken such as shifting staff and priorities, bringing on additional Accenture staff, and streamlining processes to bring any late tasks back on track.

ACTUAL AND BUDGETED EXPENDITURES (Legislative Mandate #5)

Figure 3 provides a breakdown of the actual and projected expenditures for 2014-15.

FIGURE 3. FI\$CAL BUDGET AND EXPENDITURES

Project: FI\$Cal FY 2014-15 Actuals through December 2014		FY 2014-15				Cumulative Project Costs ^{2/}
	Authorized Budget	Actuals ^{1/}	Year End Projections	Difference		
Project Costs						
Staff (Salaries & Benefits - Project & Partners)	34,194,354	11,045,104	31,044,369	3,149,985	100,567,040	
Hardware Purchase	1,199,168	48,242	1,199,168	0	6,179,693	
Software Purchase / License	1,275,557	318,027	1,275,557	0	4,110,643	
Telecommunications	145,620	37,292	90,890	54,730	181,374	
Contract Services:						
Software Customization	38,820,963	13,080,406	38,820,963	0	90,576,601	
Project Management	653,000	130,559	653,000	0	4,962,817	
Project Oversight	526,600	74,880	333,200	193,400	1,507,493	
IV&V Services	1,300,000	183,600	1,300,000	0	3,966,492	
Other Contract Services	23,453,678	581,981	22,152,635	1,301,043	30,982,605	
TOTAL Contract Services	64,754,241	14,051,426	63,259,798	1,494,443	131,996,008	
Data Center Services	2,491,507	215,196	1,016,471	1,475,036	1,583,238	
Agency Facilities	2,232,129	1,032,483	1,999,399	232,730	13,771,640	
Project Other (Standard Comp, Travel, Training)	11,298,486	649,107	8,384,950	2,913,536	13,671,357	
Total Project Costs	117,591,062	27,396,876	108,270,601	9,320,461	272,060,993	

^{1/} Actual expenditures are direct from CALSTARS reports as of December 31, 2014.
^{2/} Cumulative Project Costs are actual expenditures from FY 2005-06 through December 2014.

Explanation of Differences

As identified in Figure 3, the Project anticipates a total savings of \$9,320,461. This savings is comprised of the following components:

- **Staff Salaries and Benefits: Project and Partners**
The anticipated savings of \$3,149,985 is due to the number of vacancies the Project has experienced. Staffing is addressed in more detail in the [Staffing](#) section below.
- **Telecommunications**
This line item represents the communication costs including the purchase of telephones and delivery services. The anticipated savings of \$54,730 is due to projected expenditures being less than budgeted.
- **Project Oversight**
This line item represents the costs for project oversight by the California State Auditor and the California Department of Technology (CalTech). The anticipated savings of \$193,400 is due to CalTech's revised rate, resulting in the contract being less than budgeted.
- **Other Contract Services**
This line item represents various contracts that support the overall Project. The anticipated savings of \$1,301,043 is due to expenditures being less than budgeted.
- **Data Center Services**
This line item represents the charges from CalTech for the Office of Technology Services. The anticipated savings of \$1,475,036 is due to expenditures being less than budgeted.
- **Agency Facilities**
This line item represents rent, security, and other facility-related charges. The anticipated savings of \$232,730 is due to expenditures being less than budgeted.
- **Project Other**
This line item includes operating expenses such as general office supplies, travel, and training. The anticipated savings of \$2,913,536 is associated with the vacant positions identified above.

Staffing

The Project continues to employ multiple recruitment strategies to fill vacancies. In an effort to increase the number of applicants for recruitments, the Project advertises vacancies in various arenas in addition to posting on the California Department of Human Resources' website.

The Project continues to recruit highly-qualified employees with appropriate knowledge, develops their skills and abilities, and prepares them for advancement. Retaining these employees ensures a return on the organization's training investment and contributes to the Project's success.

FI\$Cal Positions

Of the Project's 288 authorized, permanent/full time positions, as of December 31, 2014, 44 were vacant, representing a 15.28 percent vacancy rate.

Hires and Separations

Since January 2014, the Project has hired a total of 92 staff (79 FI\$Cal and 13 Partner Agency) and had 81 separations (66 FI\$Cal and 15 Partner Agency), for a net gain of 11 staff. To ascertain a more comprehensive understanding of separations, and to develop additional strategies for staff retention, the Project performs exit surveys.

Existing staff are working additional hours to meet the required workload demands and ensure the Project remains on schedule. However, vacancies and the loss of knowledgeable Project staff have the potential to delay Project schedules and increase Project costs.

The Project continues to make every effort to recruit and fill all authorized positions with qualified candidates who possess the necessary skill sets to meet the highly technical and Project-specific requirements. In an effort to expand recruitment strategies, the Project will be participating in job fairs in the Sacramento area in 2015. The Project is continually improving its strategies by using and incorporating lessons learned.

ACHIEVED FUNCTIONALITY AND QUALITATIVE BENEFITS *(Legislative Mandate #6)*

Prior to Wave 1 go live, departments were using mostly paper-based procurement processes, a legacy mainframe accounting system, and spreadsheets for budgeting.

With Wave 1 go live in 2014, the following functionality was achieved in FI\$Cal.

- **Requisition to Warrant** – Wave 1 departments create purchasing documents and pay vouchers that are automatically distributed to the SCO. The SCO audits the documentation in FI\$Cal and authorizes payment to the vendor in the form of an SCO warrant. This warrant is produced in the SCO's legacy system using an electronic claim.
- **Accounts Receivable/Billing** – Departments can now generate invoices and process accounts receivable for their customers.
- **Asset Accounting** – Wave 1 allows for the processing of asset-related accounting transactions. This process includes automated accounting entries associated with acquiring, depreciating, and retiring assets, such as computers or servers.
- **Project Costing** – Departments can now track expenditures against projects/grants. This process allows any purchase orders, vouchers, or General Ledger journals flagged as related to a project/grant to be consolidated for reporting purposes.
- **Statewide Chart Of Accounts** – Wave 1 departments in PeopleSoft and all departments for budgeting are now using a single statewide COA. This function allows transactions to reference a common set of accounting/budgeting details to pinpoint what the money is spent on and for what purpose, thus assisting with statewide financial reporting. The details are tracked in the General Ledger.
- **Labor Distribution** – Details needed to handle payroll are now being processed. Departments then use these details for accounting and reporting in FI\$Cal, such as chart field values (Business Unit, Fund, Program, Account, etc.), payroll periods, payroll types, payroll hours, and amounts. For departments using the Labor Distribution functionality, the System is distributing payroll costs based on employee timesheets.

- **Budgeting** – Key budget development functionality commenced in Wave 1. Wave 1 users are able to input their data directly, and DOF is entering the data for departments not currently using FI\$Cal. Although FI\$Cal is the book of record for budgets in Wave 1, additional departments and functionality will continue to be implemented in subsequent waves. With the release of Wave 1 and the later releases of Wave 1.x functionality in early 2015, budgeting, from preparation to revision and enactment, including DOF control functions, will be done in FI\$Cal.

Wave 2 continues the rollout of functionality by deploying additional departmental functionality and statewide DGS control functions as described in the section below. Wave 1 departments gain the additional Wave 2 functionality and Wave 2 departments receive both the functionality included in the Wave 1 implementation and the new Wave 2 functionality. The control functions include the transition to FI\$Cal as the procurement system/book of record as further detailed immediately below.

In 2015, the following functionality is expected to be implemented in FI\$Cal:

- **Statewide Procurement**
 - Sourcing, bidder registration, intent to award, contracts, interagency agreements, and real property acquisitions
 - Replacement of BidSync functions
 - Public access to the California State Contracts Register, State Contract and Procurement Registration System, Small Business/Disabled Veteran Business Enterprise, Leveraged Procurement Agreement contracts, and progress payments
 - Vendor certification
 - Statewide Vendor Management File for procurement
 - Delegated authority
 - Lease or Installment Purchase (GS \$Mart)
 - California Multiple Awards Schedule functions
 - Bid protests
 - State Controller's Office approval of vouchers for Wave 2 departments.
- **Customer Contracts**
 - Generate bills for customers through customer contract functionality
- **Grants & Project Management**
 - Generate accounting entries and automated bills for customers through project costing functionality
 - Manage the proposal process, including award to sponsors
 - Create pre-award grants, Federal funds administration, and Federal contract billing
 - Primavera (a software application) project management.
- **Asset Accounting**
 - Asset stocktaking, which will include the capability for hand-held scanning and tagging of inventory for departments using FI\$Cal

- **Accounts Receivable/Billing**
 - Statewide capture of receipts and deposits in FI\$Cal
 - DGS billing processes
 - Departments may generate customer extract files to extract customer data from FI\$Cal. Departments may leverage this information to interface customer data from FI\$Cal to external systems.

CHANGE MANAGEMENT / STAKEHOLDER ENGAGEMENT *(Legislative Mandate #7)*

The Project has continued to administer the Change Management program in the same manner as in previous years with the exception of the program having one change in 2014 regarding CFS departments. These departments are generally very small and their accounting, and in some cases, budgets, are managed by the CFS unit within DGS. Thus, these departments usually do not have the in-house expertise necessary to complete the transition tasks required for a financial management system implementation. Therefore, due to the size of the departments and the bifurcation of their financial management, the Project established a “CFS Implementation Team” comprised of FI\$Cal and DGS’ CFS experts.

The CFS Implementation Team manages the CFS department Wave 2 transition tasks to ensure all are monitored and completed. The approach is for the CFS Implementation Team to collaborate with these departments to complete many of the transition tasks, allowing the CFS departments the ability to review and validate or provide modifications. This has dramatically reduced the frustration and burden of transitioning to FI\$Cal for the CFS departments while still ensuring necessary transition tasks are completed in a timely manner.

The Project is also using this approach as a model to determine if it offers better opportunities for assisting small departments in Wave 4.

FI\$CAL SERVICE CENTER

The primary functions of the FSC are to provide 24-hour customer service (including weekends and State holidays) and support operations. The FSC is comprised of staff from both Accenture and the State. At this time, Accenture has primary responsibility for managing and operating the FSC with a few exceptions. State staff is responsible for activities related to the Centralized Business Services (CBS). CBS represents functions that, during the design of the Pre-Wave and Wave 1 functionality, were identified to be more feasible to be managed centrally by the FSC than by individual departments. At Wave 1 these functions include the following:

- Support of the Vendor Management File
- Functionality for project costing tracking for non-FI\$Cal Departments
- Decentralized Payment Card (P-Card) account administration
- Processing and support for 1099 federal tax forms
- Chart of Accounts management
- Approval of access requests and new/changed user roles

Additionally, State staff broadly participates in FSC activities as part of their skill building and knowledge transfer. Support services are provided to FI\$Cal customers and stakeholders through the use of a service desk and incident tracking. FSC customers include vendors,

departments using the System, and control agencies. Customer-reported incidents include functional questions, application issues, and end user training needs.

The FSC performed the following tasks in 2014:

- Conducted regular conference calls with each user support group (control agencies and departments).
- Provided production support services for Wave 1 departments. In July 2014, the FSC began supporting the following types of departmental transactions:
 - Accounts Payable
 - Accounts Receivable
 - Asset Accounting
 - Budgets
 - Cash Management
 - General Ledger (Chart of Accounts)
 - Project Costing
 - Procurement (Requisitions, P-Cards, Purchase Orders, Receipts)
 - Vendor Management File (Vendor Data Records).
- Implemented FSC's workflow organizational structure and role responsibilities.
- Established mechanisms for System monitoring of outages and availability.
- Began to manage the service level agreement between the State and Accenture.

The FSC will incrementally assume System operations and maintenance (O&M) as waves are implemented. Ultimately, the FSC will be responsible for the ongoing O&M of the entire FI\$Cal System. If the State is unable to take responsibility for the FSC after Wave 4, the existing contract with Accenture provides provisions for the State to execute up to three additional years of O&M services with Accenture.

FSC Statistics

Table 3 below provides summaries of key FSC support metrics from July 1, 2014 Wave 1 go live through December 31, 2014.

TABLE 3. FSC SUPPORT METRICS

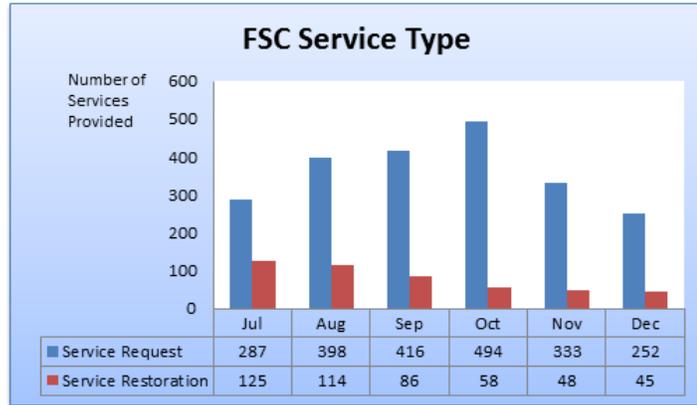
Number of FSC Services Summary by Type

The FSC reports the following services summary below and in the accompanying graphs:

- 82% - Service Requests* (change, enhancement, or user procedure)
- 18% - Service Restoration** (break/fix Incident)

* A service request is a change, enhancement, or user procedure that requires FSC Service Desk assistance. The system is performing as designed.

** A service restoration is a break/fix incident that means a system repair is needed. The system is not performing as designed.



Service Restoration Incidents by Severity Level

The FSC employs the severity levels described below with accompanying graphs to prioritize incidents: Levels 1, 2, and 3.

Severity 1:

- Severity Level 1 is a critical incident that requires immediate response because a complete failure of FI\$Cal occurred or critical business functionality is completely unavailable with no workaround.
- The target resolution time for a Severity 1 incident is less than 4 hours.



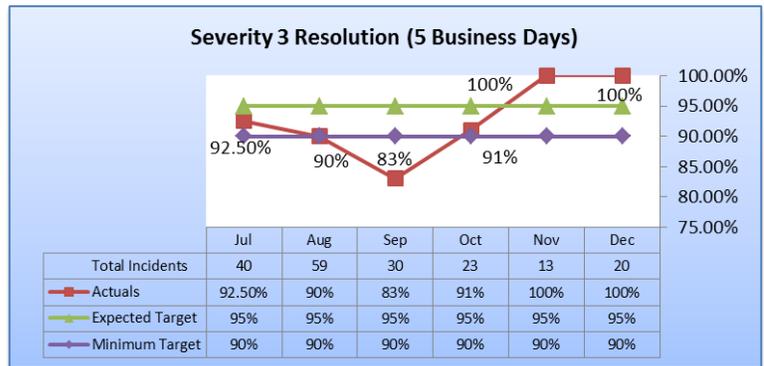
Severity 2:

- A Severity Level 2 is a major incident where business functionality is partially unavailable or a significant impact to FI\$Cal security exists with no workaround.
- The target resolution time for a Severity 2 incident is less than 8 hours.



Severity 3:

- A Severity Level 3 is a moderate incident that impairs some business functionality, but an approved workaround is available until the next major release or patch that enables business functionality to operate as intended.
- The target resolution time for a Severity 3 Incident is within 5 business days.

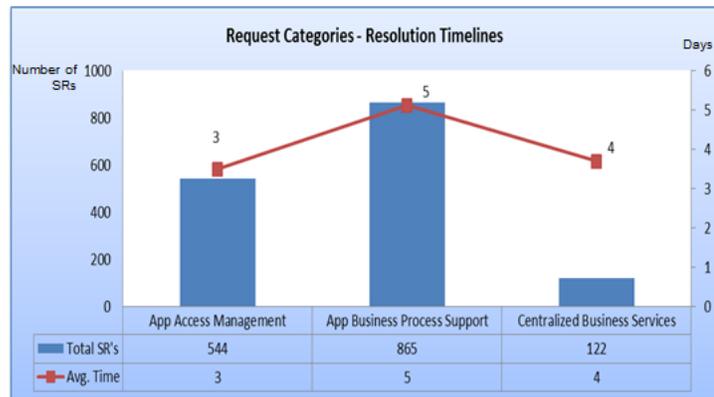


Service Request Categories

The FSC employs the following major service request categories:

- Application Access Management
- Application Business Process Support
- Centralized Business Services such as the statewide Vendor Management File, Chart of Accounts, P-Card processing, etc.

The graph below is a summary of resolution timelines per request category.



FSC Transaction Metrics

The chart below gives a breakdown of how many transactions by module were executed in FI\$Cal from July to December 2014.

Module Name	Transaction Description	July	Aug	Sep	Oct	Nov	Dec	Year To Date
Purchasing	Requisitions Created	50	76	84	109	55	501	875
Purchasing	Purchase Orders created	159	156	197	320	189	211	1232
Payables	Online Vouchers Created	44	738	1052	1017	1199	1127	5177
Payables	SCD Vouchers Approved	0	151	636	678	1243	869	3577
Payables	Department checks Created	0	502	203	429	199	332	1665
Payables	SCD warrants issued	0	143	653	623	1143	524	3086
Payables	CalAters Vouchers Processed	0	1	210	18	338	85	652
Receivables	Customers Created	10	5	16	14	9	7	61
Receivables	Deposits Created	35	42	67	31	32	22	229

LESSONS LEARNED AND BEST PRACTICES *(Legislative Mandate #8)*

Wave 1 lessons learned sessions were conducted with all Project teams. The table below represents a summary of the lessons learned from Wave 1 implementation.

TABLE 4. LESSONS LEARNED – WAVE 1 IMPLEMENTATION

Lesson Learned	Recommendation for FI\$Cal Project
Change Control	
During preparations for Wave 1 deployment, last-minute configuration changes caused problems during UAT testing and application deployment.	The Project will develop and implement a policy for establishing a moratorium on changes at prescribed points in the Project schedule.
Communication	
The Project identified an opportunity to improve the internal communications at all levels of the Project team, including State and Consultant staff.	<p>The Project is performing the following activities:</p> <ul style="list-style-type: none"> • Using all staff communication channels and team meetings to distribute timely information to team members • Developing brief leadership videos providing newsworthy updates and making them available to all staff • Providing select end-user communications to internal stakeholders • Improving Master Department Workplan (MDW) bi-weekly working session participation by requiring task owners to present their task(s) to the group.
The Project identified a need to optimize communications with client departments.	<p>The Project is improving the MDW bi-weekly meetings by:</p> <ul style="list-style-type: none"> • Increasing detailed awareness of upcoming tasks within the FI\$Cal teams • Allowing the necessary time to develop task communication and the method of support for the task such as support sessions or conference calls • Requiring meeting participation from all the Project teams • Streamlining tasks as appropriate • Providing departments with completed information for them to respond to whenever possible • Ensuring meeting materials are sent to departments in advance for review.
Interface and Conversion Support	
The Project's responsiveness to the needs of departments' data interface and conversion support needs improvement.	<p>Several process improvements have been implemented:</p> <ul style="list-style-type: none"> • Faster on-boarding/ramping of skilled contracting resources • Informal collaborative sessions for faster turnaround on Deliverable Expectation Documents (DEDs) and deliverable reviews

Lesson Learned	Recommendation for FI\$Cal Project
<p>Interface and Conversion Support (Cont'd)</p>	<ul style="list-style-type: none"> Blanket DEDs for faster response to departmental needs Changing from a deliverable-based contract to Time and Materials contracts for interface/conversion vendor support.
<p>Knowledge Transfer</p>	
<p>An opportunity exists to improve knowledge transfer from Accenture to State Business Team and Technology Team staff.</p>	<p>The Project is performing the following activities:</p> <ul style="list-style-type: none"> Continuously reviewing Personal Learning Plans (PLPs) to ensure knowledge transfer opportunities are identified and realized Escalating and mitigating when knowledge transfer opportunities are not realized Ensuring alignment between State Technology Team staff's PLP tasks and Accenture's task plan.
<p>Organizational Change Management</p>	
<p>An opportunity exists to improve the effectiveness of departmental readiness and outreach activities.</p>	<p>The Project is taking the following actions to improve the System knowledge and effectiveness of the Readiness Coordinators:</p> <ul style="list-style-type: none"> Readiness Coordinators are creating and delivering presentations on at least two modules at readiness team meetings. Readiness Coordinators are required to complete FI\$Cal training materials and participate in bi-weekly MDW and solution walkthrough meetings. <p>The Project is increasing business process re-engineering awareness by:</p> <ul style="list-style-type: none"> Providing brown bag sessions and straw man⁵ materials for internal departmental business process documentation Increasing communication emphasis on the need to accept and own new business processes Modifying the training approach to increase end-to-end business process understanding. <p>The Project will encourage departments to manage their FI\$Cal efforts as a departmental project, and will support the departments in the development of department-specific schedules that are correlated to the FI\$Cal project schedule.</p>
<p>During Wave 1 deployment, the Project identified an opportunity to improve the departmental readiness assessment process.</p>	<p>The State and Accenture will improve readiness metrics for the Wave 2 Departmental readiness assessment.</p>

⁵ A straw man is a first rough draft created for evaluation and testing.

Lesson Learned	Recommendation for FI\$Cal Project
Quality	
<p>The initial quality and timeliness of deliverables needs improvement.</p>	<p>The Project has implemented the following changes to improve deliverable quality and timeliness:</p> <ul style="list-style-type: none"> • Communicating the importance of actively participating in the Deliverable Review Process and encouraging deliverable owners to escalate concerns regarding Deliverable Review Team (DRT) participation • Communicating to deliverable owners that the State's remedy for a poor quality deliverable is to not accept it. Deliverable owners are ensuring that review comments are fully resolved and communicated to the DRT prior to approval • Modifying the Wave 2 test approach to improve the stability and quality of FI\$Cal before acceptance • Providing enhanced monthly deliverable quality reports to Leadership. <p>Accenture has implemented the following new quality control procedures:</p> <ul style="list-style-type: none"> • Adopted a quality checklist • Holding quarterly look-ahead meetings to clarify scope and expectations of downstream deliverables and identify schedule constraints • Assigned a dedicated resource to review the deliverable process, attend deliverable collaboration meetings, and monitor monthly quality metrics.
<p>The schedule constraints disproportionately affected implementation decisions.</p>	<p>Project leadership underscores the importance of quality to the Project team. This foundation of quality is used to guide decisions regarding schedule. The Project prioritizes the deployment of functionality to ensure that the most critical and time-bound functions are deployed first. Functions that have less significant time constraints or are less essential are delayed when necessary.</p>
<p>The quality of training materials needs improvement.</p>	<p>The Project made the following improvements:</p> <ul style="list-style-type: none"> • Enhanced the training material and job aid review process • Provided more web-based training opportunities for departments • Modified the training materials to improve learners' understanding of end-to-end business processes.



Lesson Learned	Recommendation for FI\$Cal Project
Staffing	
The State believes the Accenture team continues to be understaffed in certain areas.	Understaffing issues should be escalated to the Project Director.
Testing	
Improvements are needed in User Acceptance Testing and Unscripted User Acceptance Testing, including better environment coordination, improved script quality, more end-to-end testing, and additional training for testers.	<p>The Project is tracking mitigation steps and will implement the following improvements:</p> <ul style="list-style-type: none"> • Conduct more timely pre-UAT orientation and training sessions for departmental testers • Provide end-to-end UAT scripts for departmental execution • Provide a more robust testing environment, including converted and departmental data • Conduct more extensive environment testing prior to the start of UAT. • Coordinate script quality reviews between the Quality Assurance, Independent Verification and Validation, and Enterprise Resource Planning Advisors teams.
Not all data necessary to validate transactions in test scripts were loaded into the test environment.	The Project will ensure that all data required for test scripts will be available, including departments' configuration values and role mapping. Key department-specific data must be validated in the test environment prior to go live.

SIGNIFICANT SOFTWARE CUSTOMIZATION *(Legislative Mandate #9)*

The Project is committed to implementing FI\$Cal with minimal customizations. The Oracle ERP Suite (PeopleSoft and Hyperion) is a mature solution so that where possible, FI\$Cal leverages the built-in capabilities of the product to re-engineer the State's financial business processes. The Project's implementation strategy continues to focus on out-of-the-box functionality.

However, to ensure the State's ability to meet its business needs, it is necessary to make some customizations. During the reporting year, the Project approved the following significant software customizations.

Audits

To support the full functionality of SCO's pre-payment audit rules and filtering, a separate module was approved for implementation in Wave 2. System changes will include the claim submission certification language required in California Code of Regulation.

Without this enhancement, the authorized department approver will continue to manually attach the attestation document to each voucher.

Decentralized Payment Card (P-Card) Administration for Wave 2

Customization is needed to allow departments to 1) view card members' accounts and information, and 2) have multiple "managing accounts" functionality. This functionality allows for alignment with the current methodology used by US Bank for the setup and billing to State agencies of P-Card transactions.

Without this customization, departments will not be able to manage their P-Card accounts.

Random Retrieval Results for Small Business/Disabled Veteran Business Enterprise Search

Currently, in today's legacy system, when a user searches for a list of certified SB/DVBE firms, the results are randomly generated and not necessarily in alphabetical order or in the same order each time. Returning the results in this manner helps ensure competitiveness and fairness among certified firms because their records have an equal chance of being presented to buyers.

This functionality is not available in PeopleSoft as delivered. A customization is needed so that random searching will be done for SB/DVBE vendors.

Without this customization, SB/DVBE results will not be randomized. Instead, results will be sorted in a similar fashion each time results are returned and might give an unfair advantage to some SB/DVBE vendors at the top of the list.

State Agency Buy Recycle Campaign and Environmentally Preferable Purchasing Fields on Purchase Order

This customization will allow the System to capture the reportable fields on purchase orders, requisitions, and P-cards, which are required per the Public Contract Code (PCC) to report on purchases of products using recycled, environmentally preferable contents. Users will now be able to enter required information for such items as printing/writing paper, glass products, tires, and paints.

Without this customization, State agencies will not be able to properly report their progress on meeting the required PCC goals.

PROJECT OBJECTIVES PROGRESS *(Legislative Mandate #10)*

Table 3, Project Objectives Progress, provides progress updates on actions taken during the current reporting period that bring FI\$Cal closer to meeting the objectives set out in [Government Code Section 15849.22](#).

This table also projects progress anticipated to occur during the next reporting cycle.

TABLE 5. PROJECT OBJECTIVES PROGRESS

Project Objectives Progress	
Progress Through 2014	2015 Projections
<p>Objective 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.</p>	
<p>The Project implemented business processes that allow the Wave 1 Departments to replace, retire, or interface legacy financial systems to FI\$Cal.</p> <p>The Project deployed Wave 1 standardized accounting, budgeting, cash management, asset accounting, vendor management, and procurement functionality in 2014. One noteworthy example is the deployment of FI\$Cal budget data that was used in the creation of the proposed 2015-16 Governor's Budget. Also, Wave 1 departments that use CALSTARS for their accounting now use FI\$Cal.</p>	<p>The Project will continue to work with Wave 2 departments to implement business processes that allow these departments to replace, retire, or interface legacy financial systems to FI\$Cal. Wave 2 CALSTARS departments will begin using FI\$Cal.</p> <p>The Project will finalize, test, and implement the Wave 2 standardized business processes (including Centralized Procurement).</p> <p>The State plans to use FI\$Cal to replace the functionality of BidSync, the current procurement system, as part of the Wave 2 implementation.</p> <p>In 2015, control agency functionality will be an essential activity requiring complex design decisions and thorough testing to ensure the quality of the System is maintained through this and all waves of implementation.</p>
<p>Objective 2: Increase competition by promoting business opportunities through the use of electronic bidding, online vendor interaction, and automated vendor functions.</p>	
<p>Wave 1 departments are creating procurement transactions against the new Chart of Accounts, paying for purchases using a procurement card,</p>	<p>Outreach activities will be conducted to raise awareness with the vendor community of FI\$Cal and the enhanced functionality available through</p>

Project Objectives Progress	
Progress Through 2014	2015 Projections
<p>Objective 2 (cont'd) and using the functionality that integrates procurement with accounts payable. For Wave 2, the Project designed, built, and began testing statewide procurement that will include a procurement portal for the vendor community. The number of vendors whose information is now included in the single, statewide Vendor Management File grew to 16,404 vendors.</p>	<p>the vendor portal. Wave 2 procurement functionality will be deployed to enable FI\$Cal to become the book of record for Procurement. The statewide VMF will grow by an additional 10,000 to 15,000 vendors.</p>
<p>Objective 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.</p>	
<p>Wave 1 functionality was deployed to provide centralized vendor data management, a standard Chart of Accounts, and budget structure to support the standardized business processes that were implemented. For example, Wave 1 departments can use data upload templates and directly input their budget data into FI\$Cal for the proposed 2015-16 Governor's Budget. Wave 2 completed the Analyze, Design, and Build Phases for statewide procurement and additional accounting functionality.</p>	<p>With the Wave 2 go live and the retirement of DGS' BidSync system, FI\$Cal will become the central source for procurement information. Vendors and bidders will be tracked in the same system. Additional Departments will begin performing their accounting and procurement transactions in FI\$Cal. Wave 3 design will continue. Build and test activities will commence. When departments, SCO, and STO are in the same system, the State will fully realize the efficiencies of the System. With Wave 2 and subsequent waves, additional budgeting functionality will allow DOF to eventually retire many of its legacy budget systems.</p>
<p>Objective 4: Increase investment returns through timely and accurate monitoring of cash balances, cash flow forecasting, and timing of receipts and disbursements.</p>	
<p>Wave 1 functionality was implemented to assist departments with cash management. Wave 3 analyze and design activities for cash management functionality commenced.</p>	<p>Wave 3 analysis and design will continue. Build and test activities will commence once the solutions have been assigned to meet the State's requirements in this area.</p>

Project Objectives Progress	
Progress Through 2014	2015 Projections
Objective 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.	
<p>Wave 1 procurement, budgeting, and accounting reports were tested and deployed, including month-end reports.</p> <p>As part of the Wave 1 support organization, additional queries and online reports were made available as data needs were identified.</p> <p>Design of Wave 2 reports began. Wave 2 reports will focus primarily on the new functionality deployed in this wave, such as statewide procurement.</p>	<p>Wave 2 reports will be tested and deployed to Wave 1 and Wave 2 departments, including statewide procurement reports.</p> <p>Wave 3 reports will be designed and tested.</p>
Objective 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.	
<p>The Governance, Risk, and Compliance (GRC) Audit Tool used by SCO was deployed in 2014 as part of Wave 1 go live.</p>	<p>Additional functionality for GRC will be designed, built, tested, and deployed as part of Wave 2 delivery.</p> <p>The Project will determine and begin the next steps in the development of the Transparency Website.</p>
Objective 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.	
<p>The Project completed the test effort and deployment for Wave 1 functionality, including automation of processes using workflow functionality and tools inherent in the application. Workflow is used for several transactions, including requisitions, purchase orders, vendors, vouchers, and General Ledger journals.</p> <p>SCO is auditing vouchers in the System.</p> <p>For Wave 2, design and build was completed for full replacement of BidSync to automate the end-to-end procurement process.</p>	<p>For calendar year 2014, Wave 1 departments can use FI\$Cal to create their 1099 reports for federal tax reporting purposes.</p> <p>As part of the Wave 2 go live in 2015, FI\$Cal will fully replace BidSync. Building and testing of additional accounting and cash management functionality in Wave 3 will further reduce the State's dependence on paper-based processes.</p>

Project Objectives Progress	
Progress Through 2014	2015 Projections
Objective 8: Provide online access to financial management information resulting in a reduction of payment or approval inquiries, or both.	
<p>The Project designed and built functionality to allow Wave 1 departments to make online inquiries.</p> <p>For Wave 2, the Project focused on the design and build of the vendor portal to provide the vendor community with online access to more detailed information regarding procurements and their specific vendor records.</p>	<p>The vendor portal will be tested and deployed for Wave 2.</p>
Objective 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.	
<p>The Project continued to convert data from departments and Partner Agencies that are associated with Wave 1 functionality. The Project converted thousands of individual records.</p> <p>Wave 2 departments participated in activities to prepare their financial information for conversion or interface into FI\$Cal.</p>	<p>Wave 2 mock conversions,⁶ interface, and cutover activities will be performed.</p> <p>Wave 3 legacy data will be identified and preparation activities for handling the data will commence.</p> <p>Over time, converted and new transactional data will serve as historical detail available for life-to-date reporting.</p>
Objective 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.	
<p>In 2014, the Wave 1 departments began transacting in FI\$Cal as their primary financial management system.</p> <p>As additional departments move to using a single integrated system for their financial management processes, this objective will be able to be met.</p>	<p>The FI\$Cal Service Center will be the entity responsible for implementing future changes to financial management processes and systems. With the implementation of Wave 2 and the expansion of the FSC, the state is continuing to make progress towards this objective.</p>

⁶ A mock conversion is a pre-go-live test of the conversion process and scripts that is performed when converting data into the target system. Each mock conversion simulates the real go-live process with actual data volumes.

Project Objectives Progress	
Progress Through 2014	2015 Projections
Objective 10 (cont'd)	
<p>For Wave 2, additional departments continue preparation activities to transition to FI\$Cal as their primary financial system. Additional procurement functionality will be added for all Wave 1 and 2 departments.</p>	
Objective 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.	
<p>Reporting capabilities of an Enterprise Resource Planning system provide faster access to more detailed data to assist end users in reducing the time and workload associated with responding to legislative requests for financial information. Reports are an early step towards meeting this objective.</p> <p>The Project tested and deployed reporting capability to begin to support the Wave 1 functionality, including supporting the statewide budget cycle.</p> <p>The Project designed and built procurement, accounting, and cash management reports related to Wave 2 deployment.</p>	<p>Reporting capabilities of an Enterprise Resource Planning system provide faster access to more detailed data to assist end users in reducing the time and workload associated with responding to legislative requests for financial information. Reports are an early step towards meeting this objective.</p> <p>The Project will test and deploy additional reporting capabilities to support Wave 2 functionality.</p> <p>The Project will continue to test and deploy reporting capabilities to support Wave 1 functionality.</p>
Objective 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.	
<p>The Project deployed Wave 1 functionality that included creating procurement transactions against the new Chart of Accounts.</p> <p>The Vendor Management File continued to grow by adding new vendors to support FI\$Cal departments in Wave 1.</p> <p>For Wave 2, the Project began designing and building a conversion process to transfer BidSync vendor data to FI\$Cal, and developed a process to gather data to enable strategic sourcing in future waves.</p>	<p>The Project will deploy strategic sourcing in Wave 2. Strategic sourcing will create opportunities for the State to review statewide contracts and consolidate its purchasing power to reduce expenditures.</p>

Project Objectives Progress	
Progress Through 2014	2015 Projections
Objective 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.	
<p>The Project expanded workflow approval to account for the end-to-end procurement process.</p> <p>For Wave 2, the Project designed and built expanded procurement functionality. This functionality includes delegated purchasing authority limits and budget checking, and enforces submittal to DGS as appropriate.</p>	<p>Leveraged Procurement Agreements and delegated purchasing authority functionality will be deployed in Wave 2.</p>
Objective 14: Streamline the accounts receivable collections process and allow for offset capability, which will provide the ability for increased cash collection.	
<p>The Project tested and deployed Wave 1 Accounts Receivable collection processes.</p> <p>For Wave 2, the Project designed and built Customer Contracts functionality which will further enhance the State's ability to improve the collection process.</p>	<p>For Wave 2, the Project will test and deploy customer contracts and enhanced collection processes.</p>
Objective 15: Streamline the payment process and allow for faster vendor payments, which will reduce late payment penalty fees paid by the State.	
<p>The Project tested and deployed vendor payment functionality and related workflow for Wave 1.</p> <p>In Wave 1, automated workflow and attachment functionality is included for vouchers, which leads to overall process efficiencies.</p>	<p>For Wave 3, the Project will analyze the vendor payment process to route transactions to SCO for final disposition.</p>
Objective 16: Improve role-based security and workflow authorization by capturing near real-time data from the State's human resources system of record.	
<p>Wave 1 established role-based security for all FI\$Cal end users, and workflow authorizations were configured based on those roles.</p> <p>For Wave 2, the Project established additional role-based security related to the new functionality that will be implemented in 2015.</p>	<p>The Project will implement role-based security and workflow authorizations for FI\$Cal users and Wave 2 departments to use.</p>

Project Objectives Progress	
Progress Through 2014	2015 Projections
Objective 17: Implement a stable and secure information technology infrastructure.	
<p>The Project implemented the Real User Experience Insight tool to help monitor system performance from a user perspective. The Project also implemented additional software that provides host-based intrusion prevention in all environments. In addition, this software provides data loss prevention capability in the non-production environments and for Windows-based servers in the production environment.</p>	<p>The installation of additional software will provide the capability of data loss prevention on certain servers that run in the production environment.</p>

DEVIATIONS TO THE PROJECT SCOPE, COST, OR SCHEDULE *(Legislative Mandate Report Requirement.)*

The approved scope of the Project was defined in Request For Proposal FI\$Cal 8860-30 and is further delineated in Deliverable 1.02 - Project Work Plan submitted by Accenture and accepted by the State on October 5, 2012 and updated on September 6, 2014 per SPR 5. The Project Work Plan defines the implementation approach, schedule, functionality by wave, departmental roll-out by wave, and transition of the FI\$Cal solution components.

The Project reports no deviations to the Project scope or cost in 2014.

The Project achieved its SPR 5 milestones on schedule during 2014. However, the Project did formally move dates for some key activities via its Change Control Process during the year. The Project reports the following deviations to the Project Schedule.

Movement of Requirements to Different Waves

The following requirements were moved to waves other than the one for which they were originally planned:

- Those related to Human Capital Planning or having statewide data from the accounting book of record were moved from Wave 2 to Wave 3 to coincide with the replacement of the Governor's Budget Presentation System (GBPS) and implementation of the Accounting book of record in Wave 3.
- As part of the Fit/Gap process, several requirements related to interfacing data from DGS Real Estate Services Division were moved from Wave 1 to Wave 2.
- The Cash Ledger Basis enhancement moved from Wave 3 to Wave 2 to produce cash basis financial statements reports for SCO.

An analysis of Wave 2 technical requirements resulted in moving the following requirements from Wave 2 to Wave 3.

- Those that align technical capability with Wave 3 business scope:
 - Oracle's Imaging and Process Management and Business Process Management functionality. SCO determined that they did not need this functionality until Wave 3 when it will align with the implementation of SCO control functions.
 - The disaster recovery requirement for the Comprehensive Annual Financial Report (CAFR) to be aligned with CAFR report delivery
 - Receipt of vendor invoices and payments from the public via internet to be aligned with SCO control functions.
- Those that do not provide capability needed in Wave 2:
 - Health Insurance Portability and Accountability Act (HIPAA) data
 - Text messaging ([Short Message Service [SMS]) capability in Wave 2.

Legacy Data Repository (LDR)

The Project is evaluating different options to determine the best approach and timing to meet the legacy data needs of the departments.

Cutover Period Date Change

The Wave 1 cutover period was changed from June 10, 2014 - July 1, 2014, to June 24, 2014 - July 16, 2014, to allow departments to complete year-end closeout activities prior to moving to FI\$Cal.

Departmental Changes

- The Board of State and Community Corrections will no longer be a deferred department and will become a CFS department in Wave 2.
- The Department of Technology was added to Wave 2 for information technology procurement control agency functionality only.
- SCO began transacting in the System on December 15 after extended testing and training.
- California State Teachers' Retirement System (CalSTRS) became a deferred department due to their 2013 implementation of an ERP.
- California Housing Finance Agency (CalHFA) was in Wave 4 and was approved to be an exempt department.⁸ CalHFA operates as an enterprise fund and is not part of the State budget approval process. CalHFA provides a courtesy preliminary budget to DOF for informational purposes only. The final budget is solely overseen and approved by its Board of Directors. CalHFA has agreed to interface to FI\$Cal.
- The Board of Equalization (BOE) and Department of Justice (DOJ) moved from Wave 1 to Wave 4 implementation due to the complexity of BOE's and DOJ's accounting requirements and some unique issues that mainly affected these two departments. Resolving and testing these issues would have expanded the Wave 1.x workload impacting Waves 2 and 3 resources.
- The California Department of Aging and the Commission were moved from Wave 1 to Wave 2 to address a significant backlog of FI\$Cal-related tasks caused by a significant vacancy level in key subject matter expert positions. Moving to Wave 2 allowed their new staff an opportunity to develop the knowledge set to complete the tasks necessary for a successful implementation.
- STO budgeting went live in July; however, STO internal accounting and procurement will go live with Wave 2.

⁸ An exempt department is a department within the State that has special statutory provisions that allow it to use systems other than FI\$Cal for its financial management. Exempt departments will exchange necessary information with FI\$Cal to support the statutory and constitutional functions of the Partner Agencies.