Housekeeping

- A copy of the presentation will be shared with attendees 1 week from the presentation date

- Breaks
  - AM Break – approx. 10:30am

- Restrooms
  - Main hall to right
Agenda

- FI$Cal Project Overview
- Wave 3 CRP Objectives and Approach
- FI$Cal Solution Overview
- General Ledger
  - Key Terms
  - Business Process Overview
  - Scenarios Overview
  - Covered Requirements
- Session Recap
FI$Cal Project Overview

The Financial Information System for California (FI$Cal) is a business transformation project for the State in the areas of budgeting, accounting, procurement, and cash management. The Project prepares the State to work in an integrated financial management system.

California’s Partner Agencies are working together to form the partnership to support FI$Cal at the highest level:

- Department of Finance (DOF)
- Department of General Services (DGS)
- State Controller’s Office (SCO)
- State Treasurer’s Office (STO)
# FI$Cal Wave Timeline

**FI$Cal:** Transparency. Accuracy. Integrity.

**5 November 5, 2014**

## Calendar Years

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>Q1</td>
<td></td>
<td></td>
<td>Q1</td>
<td></td>
<td>Q1</td>
<td></td>
</tr>
<tr>
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<td>Q2</td>
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<td>Q2</td>
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<td></td>
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<td>Q4</td>
<td></td>
<td></td>
<td>Q4</td>
<td></td>
<td>Q4</td>
<td></td>
</tr>
</tbody>
</table>

- **Pre-Wave:** ~12 Months
- **Wave 1:** 20 Months
- **Wave 2:** 15 Months
- **Wave 3:** 24 Months
- **Wave 4:** 24 Months

**O&M**
CRP Objectives

The Wave 3 CRPs will:

- Facilitate interactive discussion on “To-be” state business processes
- Demonstrate delivered software capabilities to meet state requirements
- Confirm application requirements and identify gaps where business needs are not satisfied by standard software functionality
- Identify critical concerns/issues for each process area
What is a Business Requirement?

- Business requirements specify the functionality of an application.
- Business requirements collectively represent the “To-Be” state of a system.
- Requirements denote common functionality across all Departments.
- The FI$Cal project team contracted with Informatix to facilitate Joint Application Development (JAD) sessions with all partner and stakeholder departments to tailor the baseline requirements to the FI$Cal project in 2006.
- The State conducted several rounds of review of the requirements in the past few years.
- The current baseline requirement list is taken from the FI$Cal RFP.
FI$Cal Design Approach

Department Participation and Input

Conduct Wave 3 Working Sessions
- **Objective**
  - Define and validate DRAFT processes to best meet the State’s needs independent of the software details
  - Clarify requirements
- **Audience**
  - State Controllers Office
  - State Treasurers Office
  - Department of Finance
- **Key Outputs**
  - Revised DRAFT To-Be Processes with department input
- **Tools / Methods**
  - Interactive Working Sessions with department SMEs
  - Gather additional input on:
    - As-Is Process
    - Statutes, Reg, Policy
    - To-Be Process, Benefits, Challenges

Conduct Waves 1 & 2 Solution Walkthroughs
- **Objective**
  - Provide departments with an understanding of Waves 1 & 2 FI$Cal business processes
  - Demonstration of Waves 1 & 2 FI$Cal solution
  - Identify where Waves 1 & 2 solution may not meet the needs of new departments
- **Audience**
  - Wave 3 Departments (SCO, STO, DOF, DGS CFS)
- **Key Outputs**
  - Wave 3 Departments (SCO, STO, DOF, DGS CFS)
- **Tools / Methods**
  - Interactive CRP Sessions
  - CRP Sandbox

Conduct Wave 3 Conference Room Pilots
- **Objective**
  - Conduct a systematic review of how FI$Cal requirements and DRAFT To-Be Processes are enabled by the FI$Cal software solution
- **Audience**
  - Wave 3 Departments (SCO, STO, DOF, DGS CFS)
- **Key Outputs**
  - Revised DRAFT To-Be Processes with department input
  - Basis for System Configurations and Functional Designs
- **Tools / Methods**
  - Interactive CRP Sessions with Department SMEs
  - CRP Sandbox

Validate and Approve Process Designs
- **Objective**
  - Validate and document final business process designs
  - Confirm how requirements are met
- **Audience**
  - Project team with department input
- **Key Outputs**
  - Final Business Process Designs
  - Update Requirements Traceability Matrix
  - RICEF Inventory
- **Tools / Methods**
  - Conduct follow-up meetings / validation sessions as necessary
  - Resolve open issues / outstanding decisions

November 5, 2014
Ground Rules & Guiding Principles

- Challenge how the State does things today
- Perspective – adopt a “Statewide” perspective
- Silence is consent – speak and share your thoughts
- There are no bad questions – it is better to ask than assume
- Consider business process changes
- Think of the data and information you require
FI$Cal Solution Overview

Governance Risk & Compliance
- Access Control Monitoring
- Transaction Monitoring

Identity & Access Management
- Audit Users
- Department Users
- Vendor Users
- Deferred Exempt Departments

Portal (Single Sign-on)

Application Security
- Budgeting
- Finance & Purchasing
- Business Intelligence

Content Management

Oracle Enabling Technology

GRC Technology

GRC Infrastructure

Infrastructure

Operations & Maintenance

Authentication

Access Control

Reports, PDFs

SpreadSheets

Output Files

External Interfaces

ERP Modules

Enabling Software Technology

November 5, 2014
# CRP & SWT Schedule

<table>
<thead>
<tr>
<th>Business Process</th>
<th>Date</th>
<th>Time</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRP: General Ledger (1 of 2)</td>
<td>10/22/14</td>
<td>9:00 – 12:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>CRP: General Ledger (2 of 2)</td>
<td>11/05/14</td>
<td>9:00 – 12:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>SWT: Disbursements</td>
<td>11/12/14</td>
<td>9:00 – 12:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>SWT: Receivables &amp; Cash Management</td>
<td>11/12/14</td>
<td>1:00 – 4:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>CRP: Disbursements</td>
<td>11/13/14</td>
<td>9:00 – 12:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>CRP: Loan Accounting</td>
<td>11/13/14</td>
<td>1:00 – 4:00</td>
<td>Jade - Evergreen</td>
</tr>
<tr>
<td>CRP: Bond Accounting</td>
<td>11/19/14</td>
<td>9:00 – 12:00</td>
<td>Ruby - Evergreen</td>
</tr>
<tr>
<td>CRP: Cash Management</td>
<td>11/19/14</td>
<td>1:00 – 4:00</td>
<td>Jade - Evergreen</td>
</tr>
</tbody>
</table>
Wave 3 General Ledger Topics

- 10/22/2014 – General Ledger Session 1
  - Cash Validation
  - Journal Approval Workflow
  - Financial Statements

- 11/05/2014 – General Ledger Session 2
  - Book of Record
    - Integrating Future Wave and Deferred/Exempt Departments
    - Conversion of ledger balances
  - PMIA Accounting
Key GL Concepts and Terms

- General Ledger (GL) Business Unit – an organizational entity with a balanced set of books, comparable to existing “Level 1 Orgs”
- GL transactions are journals
- Journals post to ledgers
- The FI$Cal GL has three ledgers
  - Modified Accrual basis of accounting
  - Cash basis of accounting
  - Accrual basis of accounting
- Encumbrances are posted to Commitment Control ledgers (not to the GL ledgers)
- Subsystems (AR, AP, etc.) create accounting entries
- Subsystem accounting entries are summarized into journals by the Journal Generation process
## Scenario 1 – Book of Record

<table>
<thead>
<tr>
<th>ID</th>
<th>Requirement Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>GL 1.00</td>
<td>The System shall have a single official General Ledger “Book of Record” (e.g., combining every departments General Ledger accounts).</td>
</tr>
<tr>
<td>GL 2.00</td>
<td>The System shall provide the single General Ledger “Book of Record” daily access to all the data needed to ensure that the State’s mission critical processes (e.g., financial statements, cash/depository bank balances, General Fund status, bond payments, and appropriation control/cash control) are not interrupted.</td>
</tr>
</tbody>
</table>
Scenario 1 – Book of Record

- Book of Record Objectives in Wave 3
  - FI$Cal becomes the State’s official Book of Record for accounting and appropriation balances for all State departments and other reportable entities
  - Minimize the impact to non-FI$Cal departments
  - Minimize implementation risk
  - Rely on best practices where feasible
  - Minimize complexity and software development
Scenario 1 – Book of Record

- Design overview
  - Current year transactions will no longer be recorded in the SCO ARMS General Ledger system
  - ARMS will remain available for processing FY2015 year end close
  - Various ARMS supporting systems will remain in service, i.e. AccuData, eFits, etc.
  - Transaction processing for non-FI$Cal departments will remain unchanged
  - Transactions recorded in ARMS supporting systems will be loaded into FI$Cal using interfaces from those systems
  - Non-FI$Cal departments will obtain reports from and perform inquiries in FI$Cal rather than in Legacy SCO / ARMS
Scenario 1 – Book of Record

System Architecture – FI$Cal Wave 3

Non-FI$Cal Departments
- Transaction Requests
- Accountant
- 18-218 Claim Schedule
- Tape Claims File
- Claims System
- Accountant / Manager

SCO Legacy
- DAR / Audits
- KDO Staff
- AccuData
- All Claims
- Claims Details
- Other TC Details
- Other Transaction Details
- Payroll Clearance System
- Daily Activity
- Online Inquiries

FISCAl
- Chart of Accounts Translation
- Apropos and Cash Validation
- General Ledger
- Reports

November 5, 2014
Scenario 1 – Book of Record

- Key processes
  - **Chart of Accounts (COA) Translation** – converts legacy Fiscal codes into FI$Cal ChartField values
  - **Appropriation Validation** – checks for existence of adequate appropriation spending authority, updates affected items
  - **Cash Validation** – checks for existence of adequate fund cash, updates affected fund cash
Scenario 1 – Book of Record

- Use of FI$Cal by non-FI$Cal Departments
  - Reports and inquiry screens will use FI$Cal ChartField values
  - Access to information in FI$Cal will be controlled by Business Unit security
  - Transactional entry directly in FI$Cal by non-FI$Cal departments will not be allowed
  - Reports can be produced in electronic form (PDF, XLS, TXT, etc.) and scheduled by users as needed
Scenario 1 – Book of Record

- Numerous SCO legacy reports and inquiry tools will be functionally replaced – not necessarily duplicated – in FI$Cal and made available to non-FI$Cal departments
  - When available, existing reports will be used in lieu of new reports
- In scope for replacement in FI$Cal
  - FC00 (Inquiry) – Fund activity and balance
  - FC10 (Inquiry) – Claim activity and warrant status
  - TT00 (Inquiry) – CTS Account activity
  - View Direct
Scenario 1 – Book of Record

- General Ledger Conversion Implications
  - Legacy SCO will be the source of opening balances in the FI$Cal ledgers:
    - Cash Basis
    - Modified Accrual (Budgetary/Legal)
    - Full Accrual (GAAP)
  - Non-FI$Cal Departments
    - Balances can be taken as-is from Legacy SCO
  - FI$Cal Departments
    - Adjustments in FI$Cal may be required to ensure that FY2016 opening balances equal FY2015 SCO ending balances
  - Additional design effort will be required
## Scenario 2 – PMIA Accounting

<table>
<thead>
<tr>
<th>ID</th>
<th>Requirement Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>GL 51.00</td>
<td>The System shall calculate and distribute interest earnings, quarterly or as required by law, to the Pooled Money Investment participants based on a &quot;dollar day&quot; ration or other user defined criteria, as required by Government Code Section 16480.6.</td>
</tr>
<tr>
<td>GL 52.00</td>
<td>The System shall calculate the &quot;dollar day&quot; cash balances for the funds that can earn interest via SMIF and to distribute the interest earnings to the funds, via a transfer based on the &quot;dollar day&quot; cash balances.</td>
</tr>
<tr>
<td>GL 53.00</td>
<td>The System shall automatically create accrual entries for SMIF interest due to the various funds/agencies.</td>
</tr>
<tr>
<td>GL 54.00</td>
<td>The System shall calculate the &quot;dollar day&quot; cash balances for the quarter of the deposits in the Local Agency Investment Fund (LAIF) and to distribute the interest earnings to the participants by transfer or payment, as required by Government Code Section 16429.1.</td>
</tr>
<tr>
<td>GL 55.00</td>
<td>The System shall calculate the &quot;dollar day&quot; cash balances for the quarter of the deposits in the Condemnation Deposits Fund and to distribute the interest earnings to the participants by transfer or payment.</td>
</tr>
<tr>
<td>GL 60.00</td>
<td>The System shall allow an authorized user to identify funds/sub-funds which can earn interest from the Surplus Money Investment Fund (SMIF) or its equivalent.</td>
</tr>
</tbody>
</table>
Scenario 2 – PMIA Accounting

- Key terms and concepts
  - **PMIA** – Pooled Money Investment Account
  - **Memo of Interest Earnings** – a document submitted by the State Treasurers Office to the State Controllers Office with details of quarterly PMIA interest earnings
  - **Average Daily Balance Ledgers** – PeopleSoft functionality capable of maintaining average daily balances for user specified ChartField combinations
  - **Allocations** – PeopleSoft functionality capable of creating GL journals using ledger based criteria (reclassifications, etc.)
### Scenario 2 – PMIA Accounting

#### Illustration – Average Daily Balance Calculation

<table>
<thead>
<tr>
<th>Per</th>
<th>Date</th>
<th>Source ADB Ldg</th>
<th>Target ADB Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td>End Bal</td>
</tr>
<tr>
<td>1</td>
<td>1/5</td>
<td>(a) 100</td>
<td>(b) 100</td>
</tr>
<tr>
<td>2</td>
<td>1/6</td>
<td>(d) 50</td>
<td>(e) 150 (=b+d)</td>
</tr>
<tr>
<td>3</td>
<td>1/7</td>
<td>50</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>1/8</td>
<td>50</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>1/30</td>
<td>50</td>
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<td>1300</td>
</tr>
<tr>
<td>1</td>
<td>2/1</td>
<td>150</td>
<td>1450</td>
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</tbody>
</table>
Scenario 2 – PMIA Accounting
### Scenario 2 – PMIA Accounting

#### Illustration – Average Daily Balance Based Interest Allocation

(a) Allocable interest earnings ...................... $ 500,000

<table>
<thead>
<tr>
<th>Fund</th>
<th>Fund Cash Avg Daily Balance</th>
<th>Fund Cash ADB % of Total</th>
<th>Allocated Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>0100</td>
<td>$1,000,000</td>
<td>17%</td>
<td>$83,333</td>
</tr>
<tr>
<td>0200</td>
<td>$1,500,000</td>
<td>25%</td>
<td>$125,000</td>
</tr>
<tr>
<td>0300</td>
<td>$1,250,000</td>
<td>21%</td>
<td>$104,167</td>
</tr>
<tr>
<td>0400</td>
<td>$500,000</td>
<td>8%</td>
<td>$41,667</td>
</tr>
<tr>
<td>0500</td>
<td>$1,500,000</td>
<td>25%</td>
<td>$125,000</td>
</tr>
<tr>
<td>0600</td>
<td>$250,000</td>
<td>4%</td>
<td>$20,833</td>
</tr>
</tbody>
</table>

$6,000,000 100% $500,000
Scenario 2 – PMIA Accounting

System Architecture – FISCal Wave 3
Scenario 2 – PMIA Accounting

Questions

- How does the amortization of PMIA security premiums and discounts impact the desired interest allocation calculation?
Related CRPs

- Oct 22, 2014 – General Ledger Session 1
Session Recap

- Key Considerations
- Future Action Items
- Action Items
- Concerns
Question and Answer

FI$Cal Project Information:

http://www.fiscal.ca.gov/

or e-mail the FI$Cal Project Team at:

fiscal.cmo@fiscal.ca.gov
Appendix
Guide to Symbols in Flows

- **Start/End** - Indicates point at which the process begins or ends. Does not represent any activity.

- **Decision** - Shows a decision point, such as yes/no. Each path emerging from the diamond is labeled with one of the possible answers.

- **System Task** - Represents an individual step or activity in FI$Cal.

- **Manual Task** - Represents an individual step or activity in the process that is made out of FI$Cal.

- **Input Documents** - A paper document (or email) that is used for entering data in the process. For electronic data, the Interface shape is used.

- **Connector** - On/Off-Page Connector. Used to avoid complex overlapping connector lines or to continue a process on a subsequent page. Connectors are labeled with upper case letters.

- **Interface** - Data conversion from one electronic system to another.

- **Batch Process** - Represents a batch process within FI$Cal.

- **Flow Arrow**

- **Intra Integration Process** - An input or output to some other process within the same capability.

- **Output Documents** - An electronic document that is created by the process and can be printed (for example - any kind of report).
ChartField Cross Reference

UCM
- Organization Codes
  - Level 1
  - All Other
- Index
- Fund
- Subfund
- Program
- Element
- Component
- Task
- Project

FI$CAL
- Business Unit
- Reporting Structure
- Fund
- Program
- Project
- Service Location
- Agency Use
- Appropriation Reference
- Enactment Year

UCM
- Object Code
- Receipt Code
- GL Code
- Agency Source
- Agency Object
- Appropriation Reference
- Year of Enactment

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