FLORIDA DEPARTMENT OF FINANCIAL SERVICES

AGENCY BUSINESS SYSTEM INVENTORY

DELIVERABLE 3: AGENCY BUSINESS SYSTEM INVENTORY

northhighland®

WORLDWIDE CONSULTING

Date:	4/8/14
Version:	100

Revision History

DATE	AUTHOR	VERSION	CHANGE REFERENCE
4/8/2014	North Highland	100	Final approved.

Quality Review

NAME	ROLE	DATE

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SECTION 1 BACKGROUND AND SUMMARY

The Florida Accounting Information Resource (FLAIR) subsystem has been performing Florida's accounting functions for thirty years. Although FLAIR has been maintained and modified over the years to accommodate state and federal mandates, it is becoming increasingly unable to meet the State's changing and growing needs.

As a result of proviso language in Section 6 of the 2013 General Appropriations Act, the Department procured the services of North Highland, an independent consulting firm with experience in planning public sector technology projects, to complete a study (FLAIR Study) and to recommend either enhancing or replacing FLAIR. For the study, the joint team of DFS and North Highland is referenced as the FLAIR Study Team (Team). Also, the study includes an inventory of agency business systems interfacing with FLAIR (Inventory) and an assessment of the feasibility of implementing an Enterprise Resource Planning (ERP) System for the State of Florida.

While the FLAIR Study addresses a significant number of the current challenges and risks with FLAIR today, some of the issues and concerns include:

- FLAIR does not support cash forecasting at a State level

- FLAIR does not support either the scheduling or consolidation of payments

- Accounting transactions are not captured at a consistent level of detail

- Current structure of Central FLAIR limits ability to interface encumbrances from external systems (e.g., MFMP)

- FLAIR does not contain a receipting function to manage and to track invoices

- Central and Departmental FLAIR do not reconcile without manual processes

- CMS must be reconciled with Central and Departmental FLAIR since they are not on an integrated financial platform (FLAIR and CMS are not integrated; they interact through external programs and file exchanges)

- FLAIR does not have functionality to keep inter agency transfers in balance

- Warrants cannot be charged to more than one account

- FLAIR has limited Asset/Inventory Management functionality (e.g., barcode reading, track "high interest" items without needing a financial value or tracking depreciation)

- There is no functionality for management or statewide reporting of the State's resources:

    o Assets

    o Grants

    o Projects

    o Contracts

- Reporting capabilities are limited. Unable to report at statewide level (i.e., amounts due to the State, vendor spend)

- Agencies cannot forecast or project different financial models or scenarios throughout the fiscal year (i.e., "what if" analysis)

- Business users cannot create and run ad hoc reports without IT resource assistance

- FLAIR lacks necessary functionality to support the construction of cost allocations essential for agencies to allocate costs required by numerous grant programs

- FLAIR does not support workflow and electronic documents

Due to limited functionality in FLAIR, agencies continue to develop systems to compensate for these functions. As indicated by the age of the agency business systems in the inventory, agencies have been developing these systems for years.

SECTION 2 APPROACH

To complete the inventory, 36 agencies were contacted and given a pre-populated inventory spreadsheet with specific data fields to complete. This Section describes the approach followed to conduct the inventory, compile the results, and analyze the findings. Furthermore, Attachment A[1] of this document contains the inventory spreadsheet of all 36 agency responses.

The inventory was completed in two phases. During phase 1, an inventory was collected from each agency and during phase 2, the reported inventory was further validated.

2.1   PHASE 1 – INVENTORY COLLECTION

The FLAIR Study Team first reviewed the existing data collected by DFS[2] to identify what data was available. After reviewing the available data, the FLAIR Study Team developed the Agency Inventory Workbook which included data elements listed in Exhibit 1. The FLAIR Study Team reviewed the data elements to obtain agreement on the data elements to include before finalizing the workbook. In order to facilitate a consistent response from each agency, many of the data elements were entered via a drop-down list.

The approach for identifying agency systems interfacing with FLAIR included sending the pre-populated Agency Inventory Workbook to each agency. Each agency was asked to review, to validate, and to modify, as appropriate, the business systems in the workbook.

The agencies were provided with three communication choices to clarify the request and receive assistance when completing the inventory:

- Daily Call Center – the call center was staffed for a total 96 hours
- Bi-weekly conference calls – conducted five, one hour conference calls
- Email – received 65 email informational inquiries from the agencies

The following information was requested from each agency:

COLUMN NAME	DESCRIPTION	TYPE
Agency OLO	Lists the agency Operating Level Organization (OLO) code	Pre-populated or Auto-populated
Agency Name	Lists the agency name owning the business system	Pre-populated or Drop Down List

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[1] Comments included in Attachment A are exactly as presented by the agency
[2] DFS-Compiled Inventory of Agency Compensating Systems (2005)

COLUMN NAME	DESCRIPTION	TYPE
Business System Name	Lists the business system name	Pre-populated or Free Form
Business System Acronym	Lists the business system acronym, if identified	Pre-populated or Free Form
Category	Lists a number 1 through 3 denoting the following: ▪ 1 – Agency Business System ▪ 2 – Agency Financial System ▪ 3 – Agency Financial Reporting System	Pre-populated or Drop Down List
Financial Functions of the System	Lists the different financial functions performed by the agency business system ▪ Accounts Payable / Voucher Processing ▪ Accounts Receivable / Receipting ▪ Asset / Inventory Management ▪ Budget ▪ Cash Management ▪ Contract Management ▪ Cost Allocation ▪ Data Repository ▪ Financial Reporting ▪ General Ledger ▪ Grant Management ▪ Project Management ▪ Travel Management ▪ All of the Above	Multi-Select Drop Down List
Interfaces With	Lists what part of FLAIR/FFMIS the system(s) interface with: ▪ Central ▪ Departmental ▪ Payroll ▪ Information Warehouse ▪ CMS ▪ People First ▪ MFMP ▪ FACTS ▪ LAS/PBS ▪ All of the Above	Multi-Select Drop Down List
System Type	Identifies whether the system is custom or commercial software	Drop Down
Maintained By	Identifies whether the system is maintained internally or externally	Drop Down
Software Age	Identifies the age range of the system ▪ Planned ▪ 0 - 3 Years ▪ 3 - 5 Years ▪ 5 + Years ▪ Expired	Drop Down
Is the System Shared with Other Agencies	Identifies if the system is used by or on behalf of other agencies to interface with FLAIR	Drop Down List (Yes/No)
If so, which	Lists the agencies utilizing the system	Multi-Select Drop Down List
Comments	Documents any relevant comments not captured in the previous fields	Free Form

Exhibit 1: Agency Inventory Data Elements

2.2 PHASE 2 – INVENTORY VALIDATION

After collecting the inventory from all 36 agencies in phase 1, the inventory was consolidated and analyzed for consistency. Based on the initial review, it was clear some of the data

elements were interpreted differently across agencies. To improve the consistency of the inventory, the FLAIR Study Team conducted follow-up meetings with each agency to clarify the definitions of each data element and to validate the original response from each agency.

Before meeting with each agency, definitions for the Category, Financial Functions, and Interfaces were developed. The Exhibit below represents the definition provided to each agency.

COLUMN NAME	DESCRIPTION
Category	- Category 1 (Agency Business System) – Represents a system performs business functions in addition to financial functions (see financial functions below). - Category 2 (Agency Financial System) – Represents a system ONLY performing financial functions (see financial functions below). These systems are transactional. - Category 3 (Agency Financial Reporting System) – Represents an agency financial reporting system. Non-transactional. May include MS Access databases, but not Excel spreadsheets.
Financial Functions of the System	- Accounts Payable / Voucher Processing – Prepares/records the request for payment or the establishment of a payable for the receipt of goods and services. - Accounts Receivable / Receipting – Manages and/or tracks receivables and the tasks of invoicing customers and collecting payments, recording payments, and managing accounts receivable aging. - Asset / Inventory Management – Manages and/or tracks assets and/or depreciation calculations, performs the annual inventory of assets. - Budget Management – Manages and/or tracks the allocation and consumption of an Agency's budget. Also could include the process for preparing legislative budget requests and forecasting/projecting future budget needs. - Cash Management – Manages and/or tracks the process of managing day to day operations related to cash balances including the investment/disinvestment of funds, wire transfers, management of revolving funds, deposit processing, and forecast/projection of cash balances, and bank account reconciliation. - Contract Management – Manages and/or tracks the process of ensuring a contract is structured properly and reviewed appropriately, its provisions enforced and intent realized, and its weaknesses recognized and corrected. - Cost Allocation – Manages and/or tracks the process of allocating cost across multiple funding sources. - Data Repository – Serves as a repository for historical financial management data. Supports agency specific financial reporting. - General Ledger – Serves as the central repository for an agency's trial balances. Supports the reconciliation of an agency's funds and/or financial systems and period end closing activities. - Grant Management – Manages and/or tracks the process of developing grants, reviewing application, distributing awards, and monitoring awardees. Additionally could include systems to manage the receipt and expenditure of federal and/or state grant funding.

COLUMN NAME	DESCRIPTION
	▪ Payroll – Manages and/or tracks the process for recording payroll payments. Also could include managing employees' time and attendance, enrollment for benefits, other wage deductions/garnishments, and allocation of payroll costs. ▪ Procurement – Manages and/or tracks the process for procuring goods and services. Also could include the development of solicitations, evaluation of responses, issuance of purchase orders, or awarding of contracts. ▪ Project Management – Manages and/or tracks projects for fixed capital outlay, grants, state emergencies, or any other purposes. Additionally could include the creation of project budgets, project work breakdown structures, allocation of costs to projects, and project milestones. ▪ Travel Management – Manages and/or tracks the travel process from travel authorization, travel advances, reconciling Purchasing Card (PCard) travel expenses and employee reimbursement.
Interface	▪ Systems producing the final files (not just data) to be sent and processed by FLAIR (or selected FFMIS subsystem) and/or systems reading the files created by FLAIR (or selected FFMIS subsystem).

Exhibit 2: Phase 2 Inventory Definitions

During the validation phase the FLAIR Study Team conducted more than 40 meetings (in-person and conference calls) with agency business system owners. Each of the 483 systems collected in Phase 1 were reviewed and validated. The total number of systems in the inventory decreased from the 483 collected in Phase 1 to 424 with a nominal shift in the categorization of system categories. Category 1 systems decreased from 38% to 33%, Category 2 systems increased from 35% to 37%, and Category 3 systems increased from 27% to 30%.

SECTION 3 ANALYSIS

The FLAIR Study Team received responses from 36 agencies[3], and the complete inventory is submitted as Attachment A to this document. The following section provides a summary of the data received along with key data points identified from the inventory.

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[3] 30 of 36 agencies reported at least one system, agencies reporting no systems do not appear in Attachment A

AGENCY	AGENCY BUSINESS SYSTEMS	AGENCY FINANCIAL SYSTEMS	AGENCY FINANCIAL REPORTING SYSTEMS	TOTAL
Agency for Health Care Administration	1	9	3	**13**
Agency for Persons with Disabilities	2	3	1	**6**
Department of Agriculture and Consumer Services	11	4	3	**18**
Department of Children and Families	8	9	16	**33**
Department of Citrus	0	0	0	**0**
Department of Corrections	2	1	0	**3**
Department of Economic Opportunity	4	1	4	**9**
Department of Education	9	11	5	**25**
Department of Elder Affairs	0	2	3	**5**
Department of Environmental Protection	12	10	27	**49**
Department of Financial Services	7	9	16	**32**
Department of Health	38	8	2	**48**
Department of Highway Safety and Motor Vehicles	0	17	4	**21**
Department of Juvenile Justice	0	2	1	**3**
Department of Law Enforcement	1	6	2	**9**
Department of Legal Affairs	2	2	1	**5**
Department of Management Services	8	2	2	**12**
Department of Military Affairs	0	0	3	**3**
Department of Revenue	6	5	1	**12**
Department of State	0	1	5	**6**
Department of the Lottery	4	0	3	**7**
Department of Transportation	9	14	11	**34**
Department of Veterans' Affairs	1	0	0	**1**
Department of Business and Professional Regulation	2	1	2	**5**
Division of Administrative Hearings	0	0	0	**0**
Executive Office of the Governor	1	19	5	**25**
Fish and Wildlife Conservation Commission	0	10	2	**12**
Florida Parole Commission	0	0	0	**0**
Florida School for the Deaf and the Blind	0	0	0	**0**
Justice Administrative Commission	5	2	0	**7**
Legislature	6	5	2	**13**
Northwood Shared Resource Center	0	1	0	**1**
Public Service Commission	0	0	1	**1**
Southwood Shared Resource Center	0	0	0	**0**
State Board of Administration	2	0	0	**2**
State Courts System	0	3	1	**4**
Total	**141**	**157**	**126**	**424**

Exhibit 3: Agency Inventory Summary of Systems

3.1 GENERAL FINDINGS

Based on the analysis of the data provided and further discussions during the phase 2 follow-up meetings, some agencies continued to identify internal systems as Category 1 - Agency Business. For example, two agencies represent approximately one-third of all Category 1 systems.

Category 1 was intended to identify systems performing business functions in addition to financial functions. Even after the Phase 2 follow-up meetings, a fair number of Category 2 and 3 systems may have been classified as Category 1. The primary reason for the misclassification appeared to be concern Category 2 and 3 may be replaced by an enhanced or new system. Many of the agency system owners went through Project Aspire and they are concerned this project will suggest replacing their systems. This highlights the need for agency involvement early in the organizational change management (OCM) process.

Below are some additional key points pulled from comments submitted by the agencies and discussion with the agencies while completing the inventory:

- Many agencies have systems not technically interfacing with FLAIR
- Some agencies manually transfer data to and from FLAIR
- Agencies identified some systems they would like to have a direct interface with FLAIR and currently do not
- Some business systems rely on FLAIR to provide reference information, for example, agencies need the Vendor Names stored in FLAIR

3.2 FINANCIAL SYSTEM SUMMARY

The following two exhibits break down the systems in the inventory by financial function. Keep in mind each system in the inventory can perform multiple financial functions. Exhibit 4 illustrates the number of agencies each financial function occurs in (e.g., 25 agencies have at least one system performing the data repository function). Exhibit 5 illustrates the percentage of occurrence of each financial function (e.g., Out of the 424 systems in the inventory, 51% of them perform the data repository function).

Account Payables (26), Data Repository (25), and Asset / Inventory Management (25) are the financial functions used by the most agencies. This would indicate current FLAIR functionality in these areas is not meeting the agencies' requirements. Additionally, each agency has unique and unstandardized processes supporting these functions.
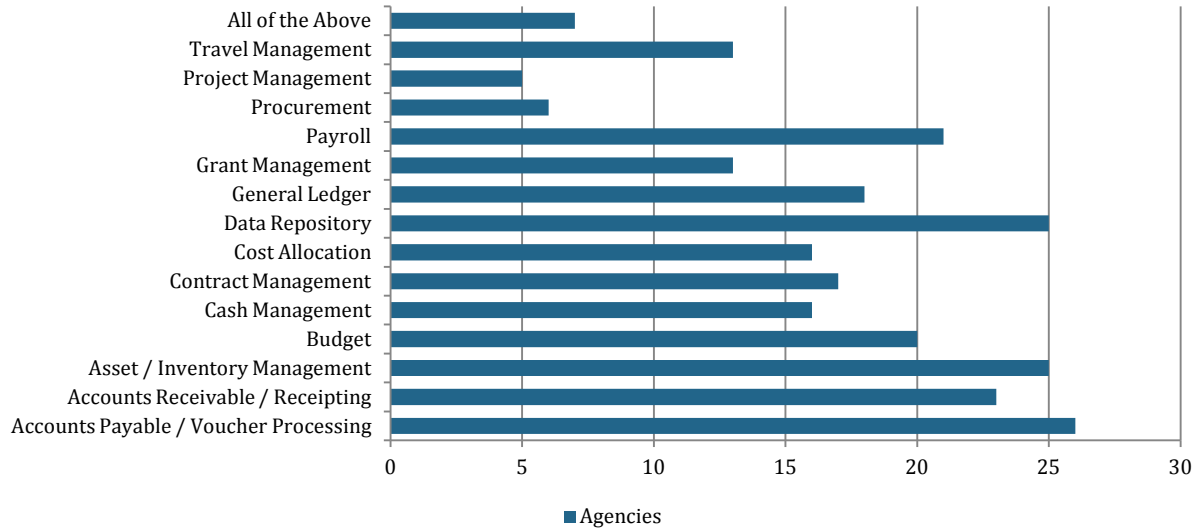
Exhibit 4: Financial Functions by Agencies

Agencies reported Data Repository (52%), Accounts Payable (30%), and Accounts Receivable (21%) as the top financial functions performed by their business systems. This is another indication current FLAIR functionality in these areas is not meeting the agencies' requirements.
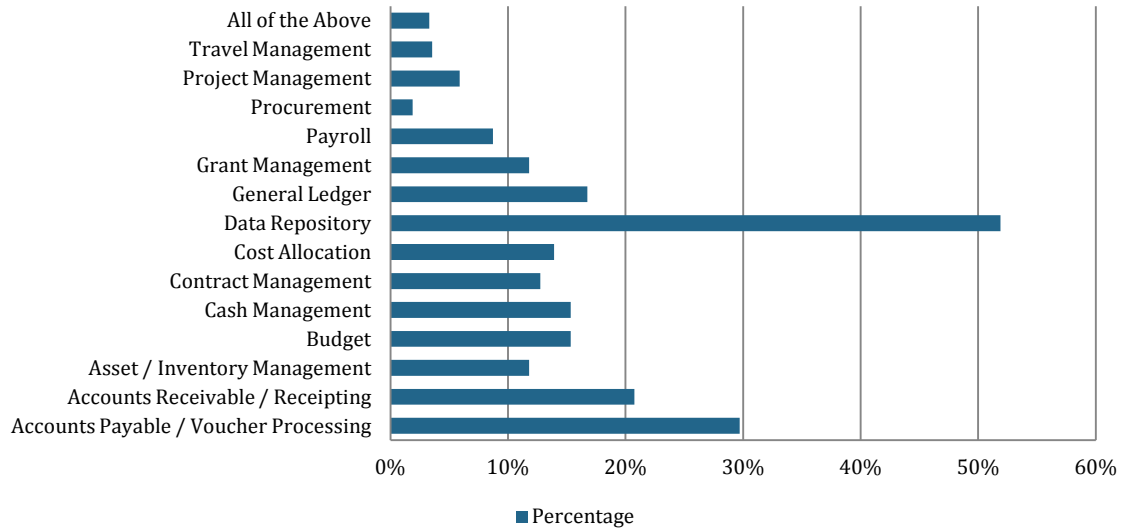

Exhibit 5: Percentage of Systems with Financial Function

3.3 BUSINESS SYSTEM SUMMARY

Based on the data provided by the agencies, 97% of the 424 business systems reported have some level of customization and 81% of the business systems are completely in-house custom applications maintained by the agencies. Other notes include:

- The primary financial functions of the custom built systems are aligned with the top three financial functions identified in Exhibit 6

- The majority (316 of 344) of the Custom Build systems are managed in house, increasing the staffing needs in each agency to support these systems

- Only 3% of the business systems are not customized; these systems vary in complexity and some examples include: OPPAGA Project Management System (Legislature), Quicken (Department of Transportation and Department of State), and Oracle E-Business Suite (Department of Management Services)
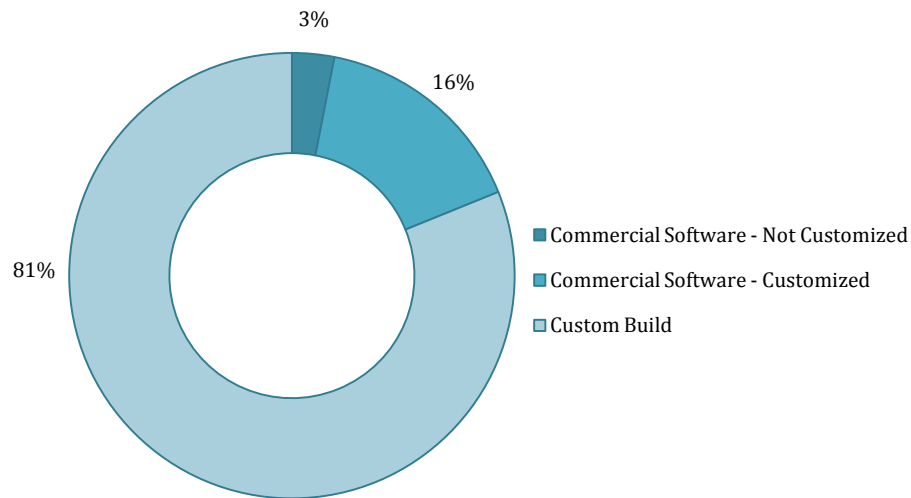

Exhibit 6: System Type

76% of the business systems are over five years old. Of the 3% of systems planned, the top two financial functions these systems perform are aligned with the top financial functions of existing systems identified in Exhibit 5.
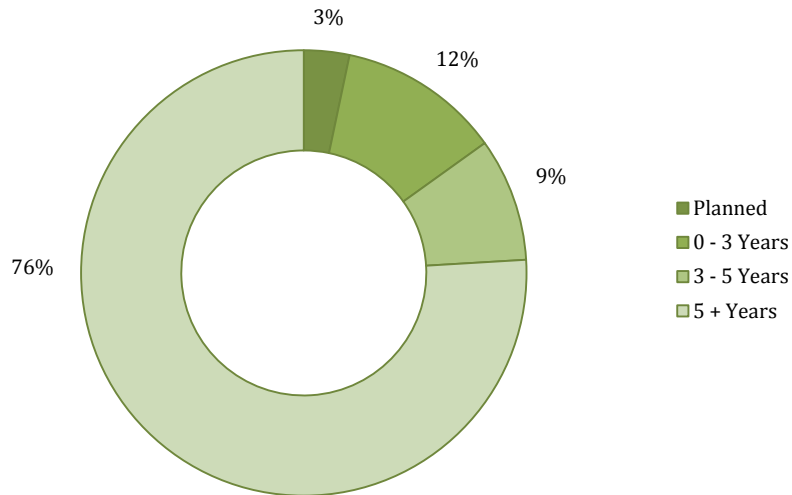
Exhibit 7: System Age

A total of 22 systems were identified as being shared with other agencies. Some of the key systems shared across agencies include:

- Department of Health, Financial Information System (FIS) is shared with eight other agencies

- Department of the Lottery, State Owed Debts is shared with four other agencies

- Department of Financial Services, Purchase Card Data and Florida Accountability Tracking System are shared with all state agencies

- Department of Management Services, MyFloridaMarketPlace and People First are shared with all state agencies

3.4 INTERFACES

Not all systems included in the inventory have a direct interface with FLAIR, even though they perform a financial function. Most agencies have developed their own data warehouses utilizing data from FLAIR and then interface data to populate other agency financial systems. This approach provides agencies with more control over their systems interfaces and minimizes the number of required direct interfaces with FLAIR. Even though these systems do not directly interface with FLAIR, many of them are critical for the agencies to complete their finance and accounting processes.

The Exhibit below highlights the business system interfaces identified in the inventory. The top interfaces were with Departmental and Central FLAIR. Of the 424 systems in the inventory, 156 of the systems did not have a direct interface with any FFMIS subsystem.
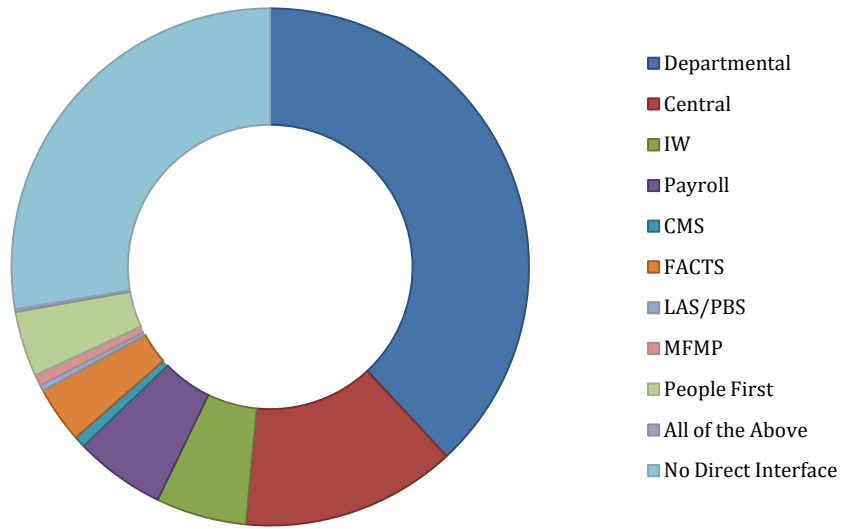
Legend:
- Departmental
- Central
- IW
- Payroll
- CMS
- FACTS
- LAS/PBS
- MFMP
- People First
- All of the Above
- No Direct Interface

Exhibit 8: System Interfaces

Attachment A   AGENCY BUSINESS SYSTEM INVENTORY