

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Policy and Steering Committee on Ways and Means

BILL: CS/CS/SB 2088

INTRODUCER: Policy and Steering Committee on Ways and Means; Governmental Oversight and Accountability Committee and Senator Alexander

SUBJECT: Florida Financial Management Information System

DATE: April 23, 2009

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	McKay	Wilson	GO	Fav/CS
2.	Hawkins	Kelly	WPSC	Fav/CS
3.				
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill substantially rewrites the existing Florida Financial Management Information System Act, by replacing the current organizational structure, creating the Agency for Enterprise Business Services as a separate, independent entity within DFS to exercise general supervision over the system, creating an associated advisory council, and specifying agency duties with regard to their subsystems.

This bill substantially amends ss. 17.11, 215.90, 215.91, 215.92, 215.93, 215.94, 215.95, 216.102, 216.141, and 216.237; creates ss. 215.922, 215.923, 215.924, and 215.961; and repeals ss. 215.96 and 570.07(41) of the Florida Statutes.

II. Present Situation:

The Florida Financial Management Information System (FFMIS) Act

The Florida Financial Management Information System (FFMIS) Act, authorized in ss. 215.90 through 215.96, F.S., was established to plan, implement and manage a unified information system which provides fiscal, management, and accounting information. The FFMIS Act

established the Florida Management Information Board (FMIB) and the FFMIS Coordinating Council (Council). The FMIB is comprised of the Governor and Cabinet, and has overall responsibility for managing and overseeing the development of Florida Financial Management Information System pursuant to s. 215.95, F.S., including establishing financial management policies and procedures for executive branch agencies. The Council is comprised of the members of the Cabinet, the secretary of the Department of Management Services, and the director of the Governor's Office of Policy and Budget. Among other duties, the Council is to approve all FFMIS subsystem designs and modifications prior to implementation and to make recommendations to the FMIB on policy alternatives to ensure coordination between the subsystems as defined in ss. 215.93 and 215.96, F. S.

There are five FFMIS subsystems which must be designed, implemented, and operated pursuant to the act. Each has a statutorily-identified functional owner as well as additional statutory requirements as follows:

- Planning and Budgeting – The Executive Office of the Governor is the functional owner. The system must also be designed, implemented, and operated pursuant to ch. 216, F.S.
- Florida Accounting Information Resource (FLAIR) – The Department of Financial Services is the functional owner. The system must also be designed, implemented and operated pursuant to ss. 17.03, 215.86, 216.141, and 216.151, F.S.
- Cash Management System (CMS) – The Chief Financial Officer is the functional owner.
- Purchasing (MyFloridaMarketplace) – The Department of Management Services is the functional owner.
- Personnel Information (PeopleFirst) – The Department of Management Services is the functional owner. The system must also be designed, implemented, and operated pursuant to s. 110.116, F. S.

The FFMIS Act identifies each subsystem's general functional requirements, but allows each functional owner to establish additional functions unless they are specifically prohibited by the FFMIS Act. Functional owners may not establish or maintain additional subsystems which duplicate any of the FFMIS subsystems.

The FMIB approved a strategic plan in March 14, 2000, that authorized the replacement of the FFMIS subsystems with an enterprise-wide financial management system that integrates financial information and standardizes policies and information. This system has never been implemented. The FMIB has not made any decisions relating to policy or the FFMIS subsystems since February 2001 when it modified the strategic plan to allow the use of outsourcing as a means to replace or enhance the functionality of the FFMIS subsystems. No subsystem designs or modifications have been brought to the FMIB for review or approval since that time. As a result, the overall governance and management of each FFMIS subsystem has been "unofficially delegated" to each functional owner and each functional owner has autonomously pursued an independent path for development and enhancement of its subsystem. The FMIB has been inactive since February 2005.

Pursuant to s. 215.95(2)(a), F.S., the FMIB is required to adopt rules, policies and procedures; however, no rules have been promulgated and no documentation was found to indicate FMIB

issued or adopted any fiscal management policies and procedures or standardized business practices as authorized by the Act.¹

Factors Contributing to the Ineffectiveness of the FFMIS Act

The ineffectiveness of the FFMIS Act has lead to an uncoordinated approach to making decisions for the FFMIS and its subsystems. A review of the statutes relating to FFMIS and FFMIS subsystems identified conflicts, inconsistencies, or deficiencies which have contributed to the ineffective governance structure that currently exists.² The following is a list of factors identified in this review:

- The FFMIS statute does not clearly define the goal of the Florida Financial Management Information System as being an enterprise system as identified in the 2001 FFMIS Strategic Plan.
- The FFMIS statute does not provide authority to the FMIB to define, control or limit the business services to be provided by the Florida Financial Management Information System and its subsystems. Leaving the functionality for each subsystem undefined makes it difficult to develop requirements and difficult to estimate the cost of system replacement.
- The Financial Management Information Board has failed to enforce compliance with FFMIS Act provisions, indicating a lack of executive ownership, sponsorship and responsibility. Section 215.95(2)(b), F.S., authorizes FMIB to issue orders to executive branch agencies to enforce implementation of and compliance with provisions relating to FFMIS.
- Each subsystem owner independently requests and controls funding for issues relating to its subsystem's modification or replacement.
- The FMIB and the FFMIS Coordinating Council are not currently staffed to perform the functions required by the FFMIS Act.

FFMIS Subsystem Contracts

In the near future the state faces significant decisions relating to FFMIS subsystems including whether to:

- Renew, modify or replace the contract for the state's purchasing subsystem. The contract for MyFloridaMarketplace, which began November 2002, will expire in November 2010. \$115 million is committed through the current contract period.
- Renew, modify or replace the contract for the state's personnel information subsystem. The contract for PeopleFirst, which began August 2002, will expire in August 2011. \$350 million is committed through the current contract period.
- Replace the current accounting subsystem. Project Aspire was intended to replace the accounting and cash management subsystems, but was suspended. The total project cost including interest payments from Fiscal Year 2002-2003 through Fiscal Year 2010-11 is estimated to be \$96.5 million.
- Replace the current cash management subsystem. The Department of Financial Services is requesting \$5 million for Fiscal Year 2009-2010 to replace the state's cash management subsystem.

¹ Chapter 43, F.A.C., contained rules promulgated by the Fiscal Accounting Information Board, the predecessor of the FMIB. Both rules were repealed December 12, 1996, prior to the creation of the current entities by Chapter 97-286, L.O.F.

² Issue Brief 2009-321, by the Fiscal Policy and Calendar Committee.

The Financial and Cash Management Task Force

In 2008, the Financial and Cash Management Task Force (Task Force) was established in s. 17.0315, F.S., and directed to create a strategic business plan for a successor financial and cash management system. The business plan must address the interoperability of the successor system with existing systems. The Task Force submitted its strategic business plan and recommended legislation on January 30, 2009.

III. Effect of Proposed Changes:

Section 1 amends the short title in s. 215.90, F.S., to specify the sections of the Florida Financial Management Information System Act.

Sections 2 and 3 specify that the Financial Management Information Board (FMIB) is the agency head for the Agency for Enterprise Business Services, which is created in s. 215.922, F.S. The bill replaces the FFMIS Coordinating Council with the Enterprise Financial Business Operations Council, and adds new definitions in s. 215.92, F.S., used in subsequent substantive provisions.

Section 4 creates the Agency for Enterprise Business Services (AEBS) as a separate budget entity within the Department of Financial Services (DFS), not subject to control or supervision by DFS. The agency head for the AEBS is the Governor and Cabinet, acting as the FMIB. The agency will have an executive director, the Enterprise Financial Business Operations Officer (officer), who will be appointed by the Governor and confirmed by three votes of the Cabinet with the Governor and the Chief Financial Officer on the prevailing side, subject to confirmation by the Senate, and serves at the pleasure of the Governor and Cabinet.

The AEBS is given the following duties and responsibilities:

- Ensure that decisions are identified and issues are resolved by the FMIB.
- Coordinate and staff the meetings of the Enterprise Financial Business Services Council
- Monitor operational and performance issues of the functional information subsystems and enterprise agency business subsystems.
- Coordinate as necessary with the Agency for Enterprise Information Technology in obtaining technology-related information from state agencies.
- Develop the FFMIS strategic plan.
- Serve as a clearinghouse for enterprise information relating to the planning, development, implementation, and evaluation of improvements to the enterprise financial business processes.
- Develop policies and procedures that improve the efficiency and effectiveness of the FFMIS.
- Develop criteria for defining standardized enterprise financial business services to be provided by the Florida Financial Management Information System.
- Adopt rules to administer the FFMIS Act.
- Provide an operational plan annually to the Governor, the Speaker of the House and the Senate President.
- Submit an inventory to the Governor and the chairs of the legislative appropriation committees, by July 1, 2011, of agency financial business systems which are maintained by executive branch agencies.

Section 5 creates in s. 215.923, F.S., the Enterprise Financial Business Operations Council, to act as an advisory body to the AEBS. The council consists of the officer, who is the chair, representatives from the five current subsystems, a representative from the revenue and tax collection system, a representative from the state administrative services directors, members representing the Attorney General and Commissioner of Agriculture, and the executive director of the AEIT. The council must act as a liaison with all user agencies, and advise the AEBS on the development of the Enterprise Financial Business Strategic Plan. The chair may appoint work groups from state agency staff to analyze or resolve specific issues.

Section 6 creates in s. 215.924, F.S., the requirement that the AEBS must develop, adopt, and annually update an Enterprise Financial Business Strategic Plan, to be submitted to the Governor and the Legislature. The plan must:

- Describe the specific enterprise financial business services to be provided by the FFMIS.
- Identify and describe all functional information subsystems and agency business systems recommended as enterprise agency business subsystems for inclusion in the FFMIS.
- Provide, for the most recent fiscal year, the total cost of operating and maintaining each subsystem, the staff required for operation and maintenance, the number of end users who must use the system to perform their job functions, and any state or federal law specifically requiring the implementation of the subsystem.
- Identify the critical interfaces for all subsystems, including identified enterprise agency business subsystems, of the FFMIS for the purpose of coordinating standardized information exchange between subsystems.
- Develop a five year plan for replacing or enhancing subsystems of the FFMIS with the goal being a system which provides enterprise business services in the most cost effective manner.
- Provide project management plans and governance structures for approved subsystem enhancement or replacement projects with over \$10 million in cumulative total funding.
- Recommend improvements to enterprise financial business processes which may facilitate the standardization of financial business services provided by the FFMIS.
- Recommend improvements to enterprise reporting in order to enhance the management of enterprise financial business services.
- Recommend measures to improve data security, improve data integrity between the subsystems, and eliminate data redundancy between subsystems.

Section 7 amends s. 215.93, F.S., which specifies the purposes of the FFMIS. The bill changes the name of the Florida Accounting Information Resource Subsystem (FLAIR) to the Financial Management Subsystem, and specifies that the System for Unified Taxation will be included in FFMIS. The bill requires that each state agency with responsibility for a subsystem must submit a business case justifying any modifications or replacements of any subsystem, and provide information relating to the subsystems to the council.

Section 8 amends s. 215.94, F.S., which specifies the duties of each state agency with responsibility for a FFMIS subsystem. The bill revises nomenclature consistent with some changed definitions, and specifies that the Department of Revenue is the enterprise business owner of the systems utilized for revenue collection, distribution and tax processing and analysis. The FFMIS must include a data-gathering and data-distribution facility that supports a

management and decisionmaking information system that collects and stores agency and statewide financial, administrative, planning, and program information to assist agency program managers and statewide decisionmakers in carrying out their responsibilities.

Section 9 amends s. 215.95, F.S., relating to the creation and duties of the FMIB. The bill provides that the FMIB acts by majority vote, with the Governor breaking a tie. The bill specifies the following additional duties for the FMIB:

- Approve and submit annually the Florida Financial Management Information System Strategic Plan.
- Approve and submit annually the Florida Financial Management Information System Operational Plan.
- Resolve issues which the officer of the agency cannot resolve.
- Approve project milestone decisions, for projects which replace or enhance a FFMIS subsystem.

Section 10 repeals s. 215.96, F.S., the last section of the current Florida Financial Management Information System Act.

Section 11 creates s. 215.961, F.S., specifying the duties of agencies regarding the FFMIS Act. Agencies must:

- Follow policies developed by the AEBS for the FFMIS regarding the use of functional information subsystems and enterprise agency business subsystems.
- Not later than July 1, 2013, use the FFMIS to perform enterprise financial business services.
- Submit by July 1, 2010, lists of financial business systems maintained by the state agency and related information.

The bill provides that each state agency and the judicial branch is responsible for the accuracy of the information entered into the FFMIS.

Section 12 repeals s. 570.07(41), F.S., which allows the Department of Agriculture and Consumer Services to opt out of use of the MyFloridaMarketplace system, and use its own online procurement system. This repeal has the effect of requiring DACS to use the MyFloridaMarketplace system.

Sections 13 through 16 amend ss. 17.11, 216.102, 216.141 and 216.237, F.S., to change references consistent with nomenclature changes made in the bill.

Section 17 identifies funding to implement provisions of the bill from funds previously provided to fund the Task Force established in s. 17.0315.

Section 18 specifies an effective date of July 1, 2009.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The state may see long-term savings associated with a coordinated approach to the operation of its financial management systems.

Resources within the current budget of the Department of Financial Services have been identified to implement the provisions of the Florida Financial Management Information System Act.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

- A. Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Policy and Steering Committee on Ways and Means on April 23, 2009:

The committee substitute:

- Changes the appointment process for the executive director to require the Governor and the Chief Financial Officer to be on the prevailing side.
- Eliminates the requirement that a tiebreak vote of the Financial Management Information Board have the Chief Financial Officer on the prevailing side.

- Provides that funding provided in chapter 2008-153, Laws of Florida, for the Financial and Task Management Task Force established in s. 17.0315, Florida Statutes, be used to implement the provisions of the act.

CS by Governmental Oversight and Accountability on April 16, 2009:

The committee substitute:

- Creates the Agency for Enterprise Business Services to develop FFMIS strategic and operational plans.
- Specifies the duties of the Financial Management Information Board and the Enterprise Financial Business Services Council.
- Specifies that the CFO breaks a tie vote by the board.
- Specifies that the System for Unified Taxation will be a FFMIS subsystem.
- Deletes a provision that allows the Department of Agriculture and Consumer Services to use its own procurement system.

B. Amendments:

None.