

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: SB 2250

INTRODUCER: Senator Alexander

SUBJECT: FL Financial Management Information System

DATE: April 20, 2010 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|-----------------|----------------|-------------|------------------|
| 1. | <u>Wilson</u> | <u>Wilson</u> | <u>GO</u> | Favorable |
| 2. | <u>Fournier</u> | <u>McKee</u> | <u>FT</u> | Favorable |
| 3. | <u>Hawkins</u> | <u>Coburn</u> | <u>WPSC</u> | Favorable |
| 4. | _____ | _____ | _____ | _____ |
| 5. | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

The bill establishes a new governance model for next generation changes to the financial infrastructure for State of Florida agencies affecting the principal subsystems of accounting (FLAIR); cash management (CMS); personnel (*PeopleFirst*); procurement (*MyFlorida Marketplace*); appropriations (LAS/PBS); and revenue collection (SUNTAX). An Agency for Enterprise Business Services is constituted as a separate, independent entity within the Department of Financial Services.

This bill substantially amends the following sections of the Florida Statutes: ss. 215.90; 215.91; 215.92; 215.93; 215.94; 215.95; 17.11; 216.102; 216.141; and 216.237.

The bill creates the following sections of the Florida Statutes: ss. 215.922; 215.93; 215.924; and 215.961.

The bill repeals the following sections of the Florida Statutes: ss. 215.96 and 570.07(41).

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 (LAS/PBS) – 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 led 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* began in November, 2002, and was scheduled to expire in November, 2010. This contract committed \$115 million. In July, 2009, the contract was renewed and extended through December, 2012.
- Renew, modify or replace the contract for the state's personnel information subsystem. The contract for *PeopleFirst*, which began August, 2002, was scheduled to expire in August, 2011. The contract committed \$350 million. In 2010, the contract was renewed and extended through August, 2016.
- 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.

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. This amends the existing short title in s. 215.90, F.S., to label the subsequent sections of the bill as the Florida Financial Management Information System Act (FFMIS).

Section 2. Section 215.91, F.S., is amended to transfer from the existing multi-agency FFMIS participants to a successor single entity, the Agency for Enterprise Business Services (AEBS), all of the authority for the decisions on the development of succeeding business information systems.

Section 3. Section 215.92, F.S., is amended to provide new definitions of terms that will govern the operation of the successor systems. These terms identify the scope as being across state agencies with a reach that extends to the subsystem level in terms of design, execution, modification, enhancement and replacement. State agencies affected will be those subject to ch. 216, F.S.

Section 4. New section 215.922, F.S., creates the Agency for Enterprise Business Services (AEBS) within the Department of Financial Services. The agency head is the Governor and Cabinet in their collegial capacity as the Financial Management Information Board. The AEBS is administratively housed within the department and the principal official is an executive director who shall be subject to Senate confirmation.

Section 5. New section 215.923, F.S., creates an advisory body, the Enterprise Business Services Council, as a successor to the duties now provided by the existing FFMIS Coordinating Council. The council membership will be composed of the functional owners of each of the FFMIS subsystems as well as undesignated appointees by the cabinet officers and the executive director of AEIT.

Section 6. New s. 215.924, F.S., provides the AEBS with the statutory mission to develop and annually update a multi-year Enterprise Financial Business Strategic Plan to be submitted to the Governor and the legislature. The plan must:

- Describe the services to be provided along with all of the system and subsystem components;
- Provide an estimate of the total financial and human capital costs of each subsystem;
- Identify all of the critical interconnectivity required for there to be coordinated and standardized information exchanges among the systems;
- Provide project management and governance for enhancement or replacement projects with cumulative funding costs in excess of \$10 million.

- Recommend improvements to processes reporting and data security and integrity which enhance management, accountability, and eliminate redundancy among the subsystems.

Section 7. Section 215.93, F.S., is amended to specify the purposes of the successor FFMIS, as amended by this bill. The state accounting system, FLAIR, is renamed the Financial Management Subsystem and the separate System for UNified TAXation, SUNTAX, now administered by the Department of Revenue, will be incorporated into the new FFMIS. Each state agency must submit to the council a business case analysis for modification or replacement of any subsystem for which it is responsible.

Section 8. A new s. 215.94, F.S., is created to specify the duties of each state agency responsible for a FFMIS subsystem. This section makes nomenclature changes consistent with the revised duties and responsible parties and identifies the Department of Revenue as the functional owners of the SUNTAX subsystem. The new FFMIS must provide for a data-gathering and distribution facility for the collection and storage of statewide financial information to assist decision-makers in carrying out their responsibilities.

Section 9. Section 215.95, F.S., is amended to provide the Governor and Cabinet, in their collegial capacity as the Administration Commission³ and the FFMIB, as the approval body for the FFMIS strategic and operational plans, the approval of project milestones, and the resolution of agency disputes.

Section 10. This repeals s. 215.96, F.S., which assigns duties to the existing FFMIS Coordinating Council.

Section 11. New s. 215.961, F.S., is created to require state agencies to follow the policies developed by the AEBS for the successor financial management system and to establish July 1, 2014, as the nominal date for the transition to enterprise business services. Services migration plans from state agencies to the AEBS are due by July 1, 2012, with a list of services provided due the previous year.

Each state agency and the Judicial Branch are made responsible for the accuracy of the information entered into the FFMIS.

Section 12. This repeals ss. 570.07(41), F.S., which exempts the Department of Agriculture and Consumer Services (DACS) from the requirement of participating in *MyFloridaMarketplace*, a FFMIS compatible procurement system. The DACS system is independent of this system and is internally managed by the agency.

Sections 13-16. These sections, respectively, amend ss. 17.11, 216.102, 216.141, and 216.237, F.S., to make nomenclature changes in statutes relating to the duties of the Chief Financial Officer and the planning and budgeting statutes consistent with the bill. Among these is the redesignation of FLAIR as the Financial Management Subsystem.

³ The Administration Commission, composed of the Governor and Cabinet, is a statutory entity created in s. 14.202, F.S. There are sixty-one references to its duties in the Florida Statutes. Generally, it is a decision-making body in disputed agency actions and approves agency rules that affect multiple governmental units.

Section 17. This section recognizes funding provided by ch. 2008-152, Laws of Florida, the General Appropriations Act, in three specific line item appropriations for initial stages of FFMIS development. Specifically, these line items are:

- 2449 State Financial Information and State Agency Accounting
- 2451 Expenses
- 2452 Operating Capital Outlay
- 2459 Special Categories

Section 18. The effective date is July 1, 2010.

Other Potential Implications:

The AEBS is given specific rulemaking authority for the execution of its new statutory responsibilities. Currently, ch. 120, F. S., the Administrative Procedures Act, exempts agency budgets, information technology memoranda issued by the Governor, and agency claims submitted for payments to the Chief Financial Officer from the definition of a rule.⁴ Each of these processes implicates a portion of FFMIS. Close coordination will be required to make certain that the rule promulgation and adoption process is not impaired as a result of these different statutory standards exercised by common FFMIS participants.

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.

⁴ Section 120.52(16)(b)1., 2., 4., F.S.

C. Government Sector Impact:

Section 17 obligates a 2008 appropriation made in ch. 2008-152, Laws of Florida, the General Appropriations Act, for a similar purpose. The amounts are three positions with a salary rate of \$185,569 and \$300,000.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The state agencies affected will be those governed by ch. 216, F.S., and more particularly, those whose operations are defined in paragraph (qq) of subsection (1), as follows:

(qq) "State agency" or "agency" means any official, officer, commission, board, authority, council, committee, or department of the executive branch of state government. For purposes of this chapter and chapter 215, "state agency" or "agency" includes, but is not limited to, state attorneys, public defenders, criminal conflict and civil regional counsel, capital collateral regional counsel, the Florida Clerks of Court Operations Corporation, the Justice Administrative Commission, the Florida Housing Finance Corporation, and the Florida Public Service Commission. Solely for the purposes of implementing s. 19(h), Art. III of the State Constitution, the terms "state agency" or "agency" shall include the judicial branch.

Chapter 20, F.S., provides standard nomenclature for the structural components of state agencies. A "department" is the basic building block of government activity and is the structure through which authority is exercised and to which money and positions are appropriated. Its principal subcomponent is a "division." Units below that level may be created by departments; above that level they are created by statute. Since the governmental reorganization of 1969, a variety of structures have entered into the ch. 20, F.S., taxonomy. The most common of these are "offices" or "agencies" which are hybrids of departments and divisions but operating below the departmental level. Some of these were created to execute a matrix form of operations in which considerable autonomy was delegated to division-like units outside of the headquarters location. Chief among these has been the Department of Children and Family Services; the Department of Corrections; the Department of Financial Services; the Department of Revenue; and the Department of Transportation.

Article IV of the State Constitution limits executive departments to twenty-five in number, excluding those authorized or created in that document. Using that benchmark, the following count is obtained:

- Constitutionally created or authorized (5): State Board of Administration, Department of Veterans' Affairs; Florida Fish & Wildlife Conservation Commission; Department of Elderly Affairs; Board of Governors; and, Parole Commission.

- Authorized by statute (21): Department of State; Department of Legal Affairs; Department of Financial Services; Department of Agriculture and Consumer Services; Department of Education; Department of Business and Professional Regulation, Department of Community Affairs; Department of Children & Family Services; Florida Department of Law Enforcement; Department of Revenue; Department Management Services; Department of Transportation; Department of Highway Safety and Motor Vehicles; Department of Environmental Protection; Department of Military Affairs; Department of Citrus; Department of Corrections; Department of Juvenile Justice; Department of the Lottery; Agency for Health Care Administration; Department of Health.
- Functional equivalent to department (1): Executive Office of the Governor.
- Department-like but statutorily proclaimed as subordinate (3): Agency for Persons With Disabilities; Agency for Workforce Innovation (DMS); Agency for Enterprise Information Technology (EOG).
- Total influenced by constitutional limitation: 22.

Unaffected by the limitation are a number of divisions with powers independent of the nominal department head. Examples of these are the Division of Emergency Management (DCA); the Division of Bond Finance (SBA), and the Division of Administrative Hearings (DMS). The Public Service Commission is excluded from the limitation since it is, by statute, a legislative branch agency.

VIII. Additional Information:

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

None.
- B. **Amendments:**

None.