



Department of FISCAL
Annual Status Report
to the Legislature
for 2022-2023

Released October 2023

In Partnership with:
Department of Finance
Department of General Services
State Controller's Office
State Treasurer's Office

Table of Contents

| | |
|---|----|
| SIGNATURE PAGE | 3 |
| LEGISLATIVE MANDATE (LM) | 4 |
| 1. An Executive Summary and Overview of the System’s Status (LM #1) | 6 |
| 2. An Overview of the System’s History (LM #2) | 8 |
| 3. Significant Events of the System within the Current Reporting Period (LM #3) ... | 9 |
| 4. An Overview Of Change Management Activities and Stakeholder Engagement for Any New Departments Onboarding to the System. (LM #4) | 10 |
| 5. A Discussion of Lessons Learned and Best Practices That Will Be Incorporated Into Future Changes in the Management of the System. (LM #5) | 12 |
| 6. A Description of Any Significant Software Customization, Including the Reason for the Customization, If Any Customization Was Granted. (LM #6) | 14 |
| 7. The Date On Which State Departments and Agencies Submit Year-End Reports to the Controller. (LM #7) | 15 |
| 8. The Number of Trainings Held at the Department and a List of State Departments and Agencies Participating in These Trainings. (LM #8) | 16 |
| 9. The Number and Length of Unplanned Outages That Occurred During Normal Business Hours. (LM #9) | 20 |
| 10. The Number of Request for Changes to the System by Entities That Reported Concerns With Using the System to Meet Federal Requirements and Descriptions of the Department’s Efforts to Resolve Those Concerns. (LM #10) | 21 |
| 11. The Recommendations From Evaluations Performed Pursuant to Subdivisions (A) and (C) of Section 11868. (LM #11) | 21 |

SIGNATURE PAGE

Department of FISCAl leadership approval/concurrence:



Jennifer Maguire

Director, Department of FISCAl

LEGISLATIVE MANDATE (LM)

As written in [Government Code Section 11864](#) the Department of FISCAl is required to submit a report on or before October 31, 2023, and annually thereafter on or before October 31, to the Legislature, on all of the following:

- (1) An executive summary and overview of the system's status.
- (2) An overview of the system's history.
- (3) Significant events of the system within the current reporting period.
- (4) An overview of change management activities and stakeholder engagement for any new departments onboarding to the system.
- (5) A discussion of lessons learned and best practices that will be incorporated into future changes in the management of the system.
- (6) A description of any significant software customization, including the reason for the customization, if any customization was granted.
- (7) The date on which state departments and agencies submit year-end reports to the Controller.
- (8) The number of trainings held at the department and a list of state departments and agencies participating in these trainings.
- (9) The number and length of unplanned outages that occurred during normal business hours.
- (10) The number of requests for changes to the system by entities that reported concerns with using the system to meet federal requirements and descriptions of the department's efforts to resolve those concerns.
- (11) The recommendations from evaluations performed pursuant to subdivisions (a) and (c) of [Section 11868](#).

In addition, commencing October 31, 2023, and biennially thereafter, the department shall report on the status of planning for roadmap activities, as described in [Section 11865](#), including any expenditures made with funds provided by the Department of Finance and the Legislature to support "roadmap" activities pursuant to items 8880-001-0001 and 8880-001-9740 of the annual Budget Act. The roadmap activities are defined as follows:

- (a) Ensure the system is technically optimized and secure based on infrastructure, platform, and software industry best practices, whether on-premise technologies, cloud-hosted technologies, or a combination thereof are used.
- (b) Onboard the remaining deferred departments by July 1, 2032, and be sufficiently staffed to provide ongoing support and assistance to end users.
- (c) Ensure the integrity and security of the state's financial data.
- (d) Support the transition of the state's accounting book of record from the Controller's legacy systems to the system pursuant to subdivision (c) of Section 11860, including validation work related to the annual comprehensive financial report issued pursuant to Section 12460.

- (e) Work with partner agencies to identify and implement additional products, interfaces, and add-ons to the system to enhance business transactions.
- (f) Continue to enhance, upgrade, and manage the system to ensure efficient and relevant alignment with the state's financial management processes.

This report represents the ninth submission of the Annual Status Report to the Legislature.

1. An Executive Summary and Overview of the System's Status (LM #1)

The Department of FISCAL's (FI\$Cal) 2022-2023 Annual Status Report to the Legislature covers the period from July 1, 2022 through June 30, 2023.

FI\$Cal's core mission is to operate the FI\$Cal system, the statewide financial management system that enables California state entities to perform budgeting, procurement, cash management and accounting functions transparently and efficiently. The FI\$Cal system is among the largest financial public sector information technology systems in the world, replacing hundreds of legacy systems statewide. Enormously complex by its very nature, there are currently 152 departments and approximately 14,000 end users using the system, processing \$421 billion in expenditures in the fiscal year 2022-2023. The State Treasurer's Office (STO) system functionality handled in excess of \$3.1 trillion in state government banking transactions this past fiscal year. Departments are paying their bills and balancing their budgets every day using the FI\$Cal system.

Assembly Bill (AB) 156, signed by the Governor in September 2022, deemed the FI\$Cal project complete as of July 1, 2022. It also defines future activities to continue to enhance, upgrade, and ensure the alignment of the FI\$Cal system with the state's financial management processes. In addition, AB 156 redefines FI\$Cal reporting requirements to the legislature, as well as the focus of oversight by the California State Auditor (CSA), for the work ahead that includes onboarding departments that have been deferred, system modernization efforts, and the transition of the accounting book of record to the FI\$Cal system.

During the reporting period of this Annual Status Report to the Legislature, FI\$Cal released 169 enhancements to improve user experience and customer service, continually adding innovation to the system. Many of the enhancements were the direct result of interactive engagement with FI\$Cal end users.

We have seen departments continuously improve in closing their books and completing their statements using the FI\$Cal system. More than half of the departments met the year-end close (YEC) deadline for 2021-22 fiscal year and one month later, in September 2022, 82 percent of departments had submitted their statements. This represents a significant improvement from the 53 percent that submitted their statements in September 2021.

Notably, FI\$Cal worked in partnership with the Department of General Services (DGS) to create a statewide portal for DGS customers to search, view and print their department's invoices from DGS. This allows all DGS customers access to the FI\$Cal-initiated invoices. The enhancement includes automated emailing of invoices to non-state department customers.

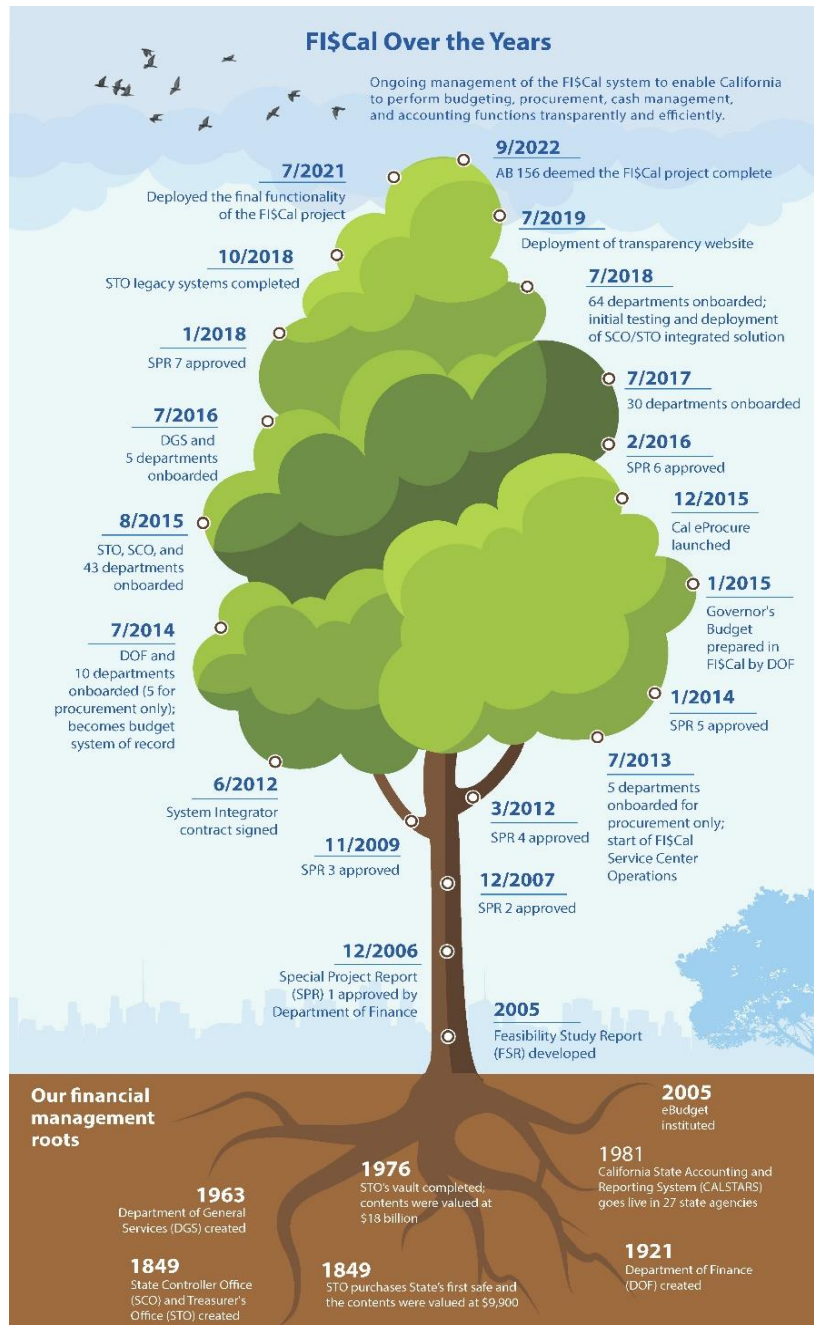
FI\$Cal also enhanced multiple dashboards, reports and system functionality to improve the month-end close (MEC) and YEC processes.

Also, FI\$Cal enhanced the Fund Reconciliation report to assist departments with streamlining the reconciliation process to prevent differences at year-end and ensure appropriations are within established limits.

Additionally, FI\$Cal continues to make the financial information of the state of California significantly more transparent through Open FI\$Cal, the website that opened California's "books" to the public.

2. An Overview of the System's History (LM #2)

FI\$Cal began as a business transformation project in 2005 to replace the Department of Finance's (Finance) budgeting system and was formalized with a Memorandum of Understanding signed in 2007 by the State Controller, the State Treasurer, and the directors of the departments of Finance and DGS. The following is a summary of how FI\$Cal evolved into the fully integrated, comprehensive financial system it is today, as well as major accomplishments since 2005.



3. Significant Events of the System Within the Current Reporting Period (LM #3)

2022

JULY

- Began implementing the two year plans to onboard the California Department of Technology (CDT) and the Department of Rehabilitation (DOR) to the FI\$Cal system.
- Began working with the California Department of Transportation (Caltrans) on a three year plan to onboard to the FI\$Cal system scheduled to begin July 2023.

AUGUST

- Enhanced multiple dashboards, reports and system functionality to improve the MEC and YEC processes. These enhancements changed the reconciliation from Modified Accrual Ledger to Budgetary Legal Ledger (BLL) allowing departments to identify BLL issues prior to YEC. The enhancements provide departments the ability to identify when all reports are clear for closing and provide automated reclassifications to achieve MEC efficiencies. In addition, an automated solution was created to record and reconcile statewide assessments allocation. This enhancement reduces the need for manual intervention, which increases time savings and reduces errors.
- Billing methodology for the DGS Procurement Division changed from billing based on individual transactions, to a more efficient methodology using a three-year average based on activities in the procurement module. This provides more consistent and accurate billing, and benefits the billed departments by reducing reconciliation time and the number of invoices.

SEPTEMBER

- Created a statewide invoice portal for DGS customers to search, view and print their department's invoices from DGS. This allows all DGS customers access to the FI\$Cal initiated invoices. The enhancement includes automated emailing of invoices to non-state department customers.

DECEMBER

- Implemented Governmental Accounting Standards Board (GASB) 96 functionality and reporting in the lease management module for subscription-based information technology arrangements.

2023

JANUARY

- Enhanced the Fund Reconciliation report to assist departments with streamlining the reconciliation process to prevent differences at year-end and ensure appropriations are within established limits.

APRIL

- Implemented the Golden State Financial Market Place (GS \$MART) procurement solution in the FI\$Cal system. This new functionality provides departments with the ability to conduct lease procurements and contract administration. GS \$MART is an innovative acquisition finance program designed to facilitate the installment of lease purchases by state of California agencies and local governments while meeting all the requirements of a competitive bid process.
- Began onboarding the Office of Data and Innovation (ODI) to the FI\$Cal system.
- Implemented a disaster recovery solution on the Amazon cloud. The solution increases system resiliency and will protect against major disasters affecting system availability.

MAY

- Due to US Bank acquiring Union Bank on May 30, 2023, the STO worked with FI\$Cal to ensure necessary configurations in the FI\$Cal system were changed accordingly.

4. An Overview Of Change Management Activities and Stakeholder Engagement for Any New Departments Onboarding to the System. (LM #4)

FI\$Cal has reviewed and implemented improvements to the Master Department Workplans for each onboarding department. This workplan document provides

onboarding departments with a holistic view of the tasks in the onboarding process.

FI\$Cal has also updated and created new communication methods to engage onboarding departments early and frequently, which has helped ensure successful implementation. Additionally, FI\$Cal redefined internal business processes to streamline the tasks required of onboarding departments.

The training model has also been revamped for onboarding departments. This includes a guided learning curriculum through the FI\$Cal Learning Center (FLC) that provides early exposure to the FI\$Cal system. The FLC is our one-stop learning experience portal designed to help end users master the skills needed to become confident and successful FI\$Cal system users. End users can access and try the system through structured learning courses. Additionally, onboarding end users are offered mini virtual instructor-led training (VILT) courses, which are segments of the full day/two-day VILT broken down into smaller, manageable segments. This enables them to become familiar with the system before attending working sessions with FI\$Cal subject matter experts (SME).

FI\$Cal is conducting a fit/gap analysis of each deferred department to identify high level gaps prior to the start of onboarding. Additionally, as part of the onboarding process, these departments engage with FI\$Cal to work on the gaps and identify solutions. These include business process and/or technical solutions.

Onboarding Department Support

Engagement discussions for onboarding Caltrans began in February 2022. FI\$Cal has supported Caltrans onboarding efforts by conducting business process gap discussions, engaging their SMEs in training and providing early exposure to the FI\$Cal system through guided learning curriculum in the FLC. CalTrans began its official three-year onboarding plan in July 2023.

FI\$Cal conducted a virtual onboarding kickoff meeting with both CDT and DOR in July 2022. FI\$Cal has supported these departments in year one of their two-year onboarding plan through early engagement in training and access to the FI\$Cal system, configuration set up and validation, identification and resolution of business process and technical gaps, and initial testing of interface and configuration files.

Additionally, FI\$Cal began working with ODI on their onboarding process.

Post-Onboarding Department Support

Relationship coordinators are assigned to departments and play a vital role in ensuring that end users can navigate the FI\$Cal system with ease. When needed, they assist with ticket escalations to help quickly resolve issues that arise, perform

ticket trend analysis to identify recurring issues, and offer relevant training to end users to help them make the most of the system. Their efforts go a long way in ensuring a more successful user experience and maintaining a high level of user satisfaction.

The FI\$Cal Service Center (FSC) provides support to end users of the FI\$Cal system. As the first line of support, the FSC addresses issues related to account management, system troubleshooting and general support needs. Additionally, the FSC offers functional support through its team of SMEs.

End users are provided with continuous training through the FLC. Through the FLC, end users can access VILTs and web-based courses, as well as job aids that provide step-by-step instructions for completing FI\$Cal transactions. In addition, video how-to sessions are available to help answer commonly asked questions. End user playlists, training histories, course evaluations and more are also provided.

FI\$Cal also provides year-round, on-request support allowing end users to schedule virtual sessions and receive online assistance with completing transactions with the help of system SMEs. In addition, collaboration tools like Microsoft Teams have reduced response times to ticket submissions. FSC ticket analysts can connect with users immediately to resolve questions and handle issues at the ticket level, resulting in one-and-done resolution. In cases of larger, more complex issues, departments can request assistance through a User Support Lab session.

5. A Discussion of Lessons Learned and Best Practices That Will Be Incorporated Into Future Changes in the Management of the System. (LM #5)

- Additional Notifications in the ServiceNow Case Tracking System
FI\$Cal began notifying end users with open support cases to ensure their needs were met and cases were closed timely. ServiceNow triggers weekly notifications to the end user and the FSC analyst when a case status changes to "Awaiting User Info". This serves as a reminder to the FSC analyst and the end user to follow up on the case ticket.
- Create Training Content that is Easily Accessible and Expand Learning Opportunities to Meet Evolving Business Needs.
Online web-based training courses have been restructured into small, manageable topics, making it easier for end users to access courses relevant to their needs. Additionally, all training content has been consolidated in the FLC portal and organized by business process, enabling

users to easily locate training and reference material specific to their business function.

VILT sessions are available in which SMEs provide thorough explanations of business processes and system functionality. These sessions also include live demonstrations and interactive quizzes.

Training curricula in the flipped classroom style is available through the FLC portal. This course style allows end users the ability to study at their own pace and retake the material at any time. Flipped classroom curricula include pre-recorded lecture videos and interactive learning content.

The implementation of Powtoon animation software has enabled the creation of energized, fun and attention-grabbing videos that engage end users in a new and exciting way, making the training feel current and relevant. The software is intuitive, enabling the training team to create high-quality online training and tutorials easily.

Additionally, the FLC now offers monthly marketing videos for end users. These videos showcase new or timely FLC content and cater to the specific needs of end users. They provide concise and targeted information to ensure that end users stay informed and up-to-date with the latest training offerings.

- Add More Members to the Customer Impact Committee Meetings
In coordination with the Customer Impact Committee (CIC) meeting Chair, FI\$Cal expanded the number of attendees from Agency Deputy Secretary of Administration-level to include daily end users as well as high level managers, providing end users with the opportunity to voice their difficulties and share solutions with one another during bi-monthly CIC meetings and quarterly CIC lessons learned sessions. Information shared during these meeting sessions by department SMEs who work with the system have resulted in the implementation of solutions and enhancements to the FI\$Cal system.
- Continuous Improvement and Department Feedback Opportunities
A retrospective session with FI\$Cal staff on Fiscal Year 2021-22 MEC and YEC was held in the fall of 2002 to evaluate the closing processes and experiences and determine opportunities for system and process improvements.

FI\$Cal conducted a survey of departments at the end of 2022/beginning of 2023 to identify department concerns and opportunities for system and process improvements.

- Continuous Improvements to System Management Processes
FI\$Cal is continuing to enhance system maintenance and continuous vulnerability management processes to apply security patches and minor technology upgrades without system downtime.

6. A Description of Any Significant Software Customization, Including the Reason for the Customization, If Any Customization Was Granted. (LM #6)

FI\$Cal continues to enhance the FI\$Cal system and business processes to better meet the needs of our end users and partners. Listed below are the significant software customizations released during the reporting period for this report.

- Customer Item Payment (CIP) enhancement – In collaboration with SCO, the CIP enhancement was implemented to create accounts receivable workflow approval to SCO for CIP deposits. The enhancement enables the FI\$Cal system to enforce SCO rules for deposits and reduces the manual review required by SCO staff.
- Budgetary Legal Ledger (BLL) enhancements to improve MEC and YEC processes included:
 - Enhanced the FI\$Cal Department Dashboard to provide departments with necessary information required to start the MEC process. This dashboard update indicates if the department is ready to begin BLL reconciliation.
 - Implemented an automated BLL cash recognition process that eliminates the need for monthly manual reclassifications by departments, streamlining business processes and gaining MEC efficiencies.
 - Created an automated solution to record and reconcile statewide assessments allocation. This enhancement reduces the need for manual intervention by departments during their MEC process, saving them time and reducing errors.
 - Updated the FI\$Cal system to automate BLL period to revert daily. Any requested re-opening at end of day would be automatically closed, reducing manual work.
 - Implemented an automated solution to open/close periods in the BLL related to the BLL cash recognition and statewide assessments automated process. This new automated process ensures journals are recorded in a timely manner and without manual intervention.
 - Enhanced BLL application engine functionality to require the administering business unit be populated. Having this information

prevents additional workload for FI\$Cal and reduces the probability of MEC delays for departments.

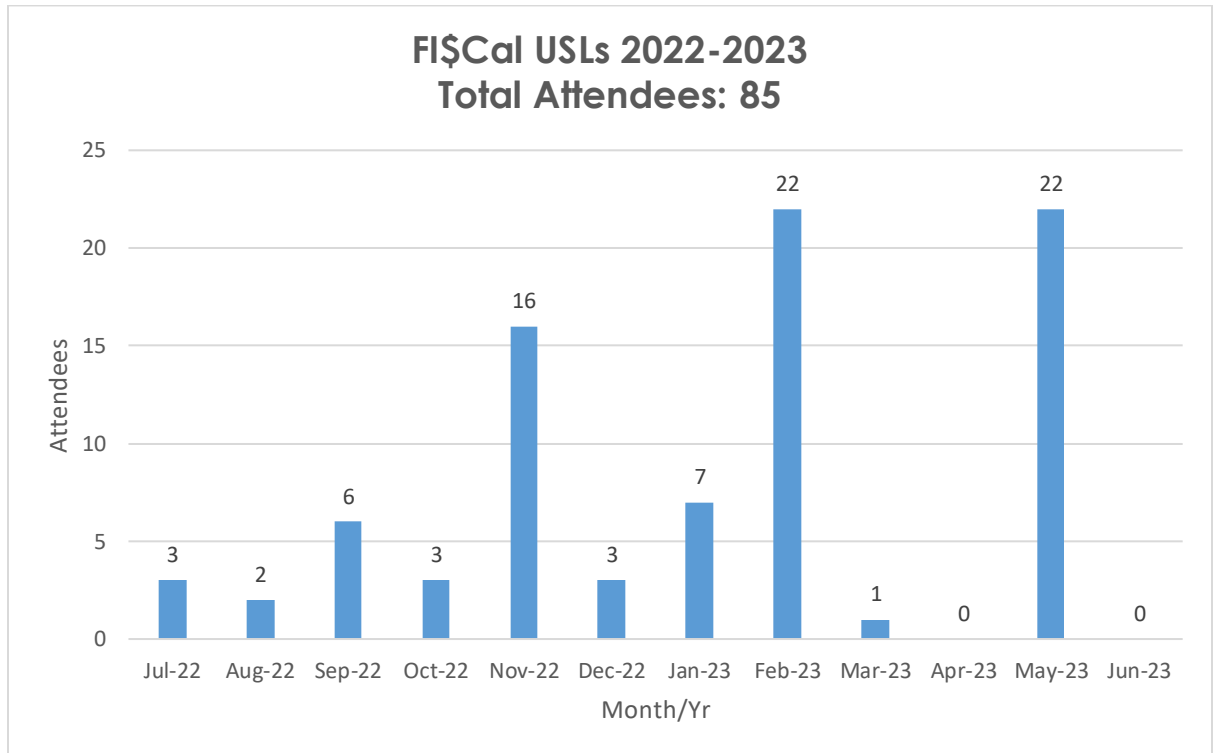
- Modified the MEC automation tool to close the adjustment ledger after the modified accrual ledger is closed. This enhancement helps to avoid the need for manually reopening ledgers, thereby reducing errors.
 - Implemented new queries for the MEC automation process that departments must run prior to closing the accounts payables module. These queries validate that there are no outstanding hold or deleted vouchers prior to initiating the MEC process.
- Created a statewide invoice portal for DGS customers to search, view and print their department's invoices from DGS. This allows all DGS customers access to the FI\$Cal-initiated invoices. The enhancement includes automated emailing of invoices to non-state department customers.
 - Implemented the GS \$MART procurement solution in the FI\$Cal system. This new functionality provides departments with the ability to conduct lease procurements and contract administration. GS \$MART is an innovative acquisition finance program designed to facilitate the installment of lease purchases by state of California agencies and local governments while meeting all the requirements of a competitive bid process.
 - DGS Procurement Division billing methodology changed from billing based on individual transactions, to a more efficient methodology using a three-year average of charges based on activities in the procurement module. This provides more consistent and accurate billing, and benefits departments by reducing reconciliation time and number of invoices.

7. The Date On Which State Departments and Agencies Submit Year-End Reports to the Controller. (LM #7)

The [Delinquent Year-End Financial Status](#) report published by the SCO includes the date when state departments and agencies submit year-end reports to the Controller. The information in this report is sorted by funds for each department or agency and is regularly updated by the SCO until all departments have submitted their year-end financial statements. Contact the SCO at (916) 445-2636 for questions regarding their report.

8. The Number of Trainings Held at the Department and a List of State Departments and Agencies Participating in These Trainings. (LM #8)

User Support Labs

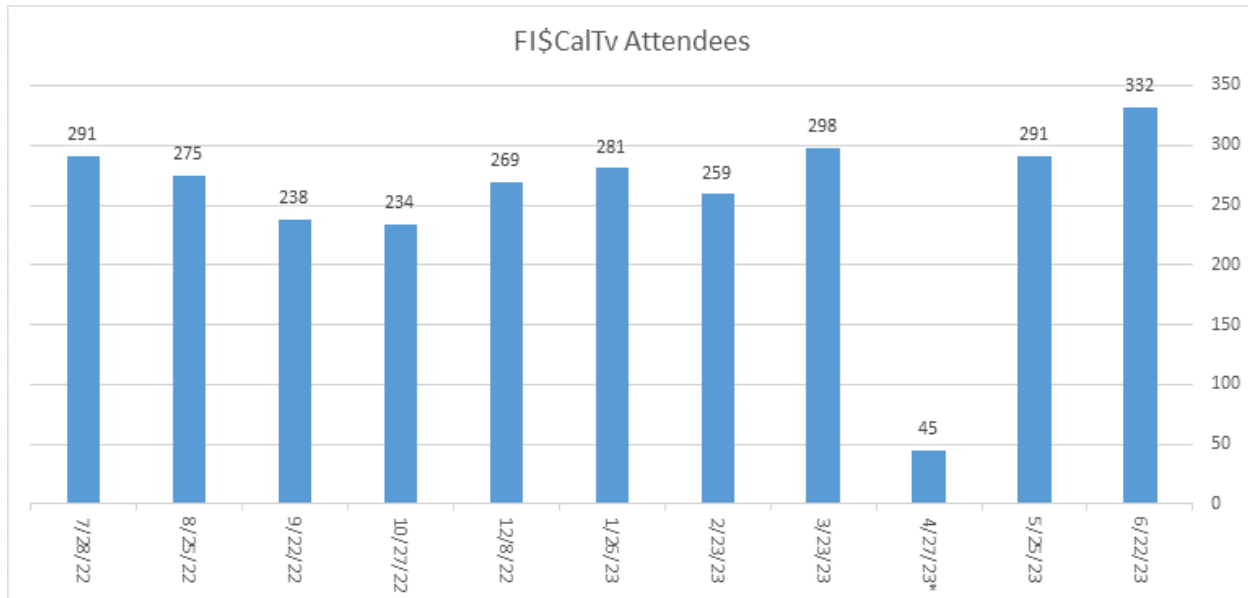


User Support Labs (USL) provide FI\$Cal system end users an opportunity to receive support on work assignments and real-time training from FI\$Cal SMEs. Virtual lab sessions are available by appointment.

Approximately 85 end users from 16 departments and agencies requested and attended 21 USLs during the reporting period of this annual report. The following departments and agencies attended at least one USL:

Air Resources Board, Board of Governors of Community Colleges, California Department of Tax and Fee Administration, California High Speed Rail Authority, California Institute for Regenerative Medicine, Department of Alcoholic Beverage Control, Department of Fair Employment and Housing, Department of Fish and Wildlife, Department of Health Care Services, Department of Toxic Substance Control, Department of Veterans Affairs, Government Operations Agency, Office of Statewide Health Planning and Development, Secretary of State, State Lands Commission, Water Resources Control Board.

FI\$CalTV



* 4/27/23 - Technical difficulties with Microsoft Teams (MS) Live Event – There were technical difficulties with MS Teams resulting in a login issue for end users. As a result, only 45 individuals were able to participate in the event. The issue has been resolved.

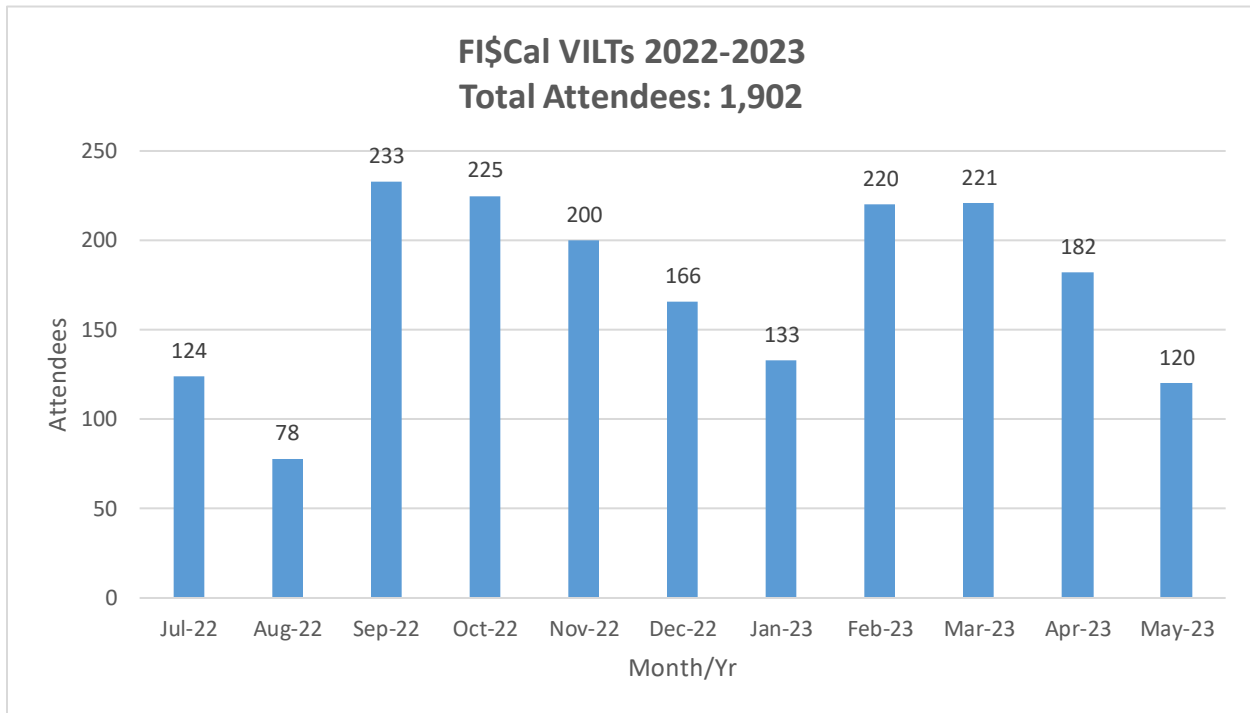
FI\$CalTV offers training and information to end users via webcast sessions, where users can connect with FI\$Cal SMEs who provide information on specific topics and valuable tips, tricks and information. The episodes are stored and accessible in the FLC and on FI\$Cal's YouTube channel.

During the reporting period for this annual report, FI\$Cal provided 11 FI\$CalTV sessions, with 2,813 attendees from 89 departments and agencies. The following departments and agencies attended one or more of these events:

Air Resources Board, Board of Governors of Community Colleges, Business, Consumer Services and Housing Agency, California Arts Council, California Children and Families Commission, California Coastal Commission, California Conservation Corps, California Energy Resources Conservation and Development Commission, California Highway Patrol, California Horse Racing Board, California Privacy Protection Agency, California Science Center, California State Library, California State University, Citizens Compensation Commission, Civil Rights Department, Commission on State Mandates, Commission on Teacher Credentialing, Delta Stewardship Council, Department of Aging, Department of Alcoholic Beverage Control, Department of Cannabis Control, Department of Child Support Services, Department of Community Services and Development, Department of Conservation, Department of Consumer Affairs, Boards, Bureaus, and Divisions, Department of Corrections and Rehabilitation, Department of Developmental Services, Department of Education, Department of Finance,

Department of Financial Protection and Innovation, Department of Fish and Wildlife, Department of Food and Agriculture, Department of Forestry and Fire Protection, DGS, Department of Health Care Access and Information, Department of Health Care Services, Department of Housing and Community Development, Department of Human Resources, Department of Industrial Relations, Department of Insurance, Department of Justice, Department of Motor Vehicles, Department of Parks and Recreation, Department of Pesticide Regulation, Department of Public Health, Department of Real Estate, Department of Rehabilitation, Department of Resources Recycling and Recovery, Department of Social Services, Department of State Hospitals, Department of Tax and Fee Administration, Department of Technology, Department of Transportation, Department of Veterans Affairs, Department of Water Resources, Employment Development Department, FISCAL, Franchise Tax Board, Health Benefit Exchange (Covered CA), High Speed Rail Authority, Judicial Council of California, Lottery Commission, Mental Health Services Oversight and Accountability Commission, Military Department, Natural Resources Agency, Office of Administrative Law, Office of Emergency Services, Office of Environmental Health Hazard Assessment, Office of Planning and Research, Office of Systems Integration, Office of Tax Appeals, Office of the Inspector General, Office of the State Public Defender, Prison Industry Authority, Public Employment Relations Board, Public Utilities Commission, Sacramento-San Joaquin Delta Conservancy, School Facilities Aid Program/Office of Public School Construction, Secretary of State, SF Bay Conservation and Development Commission, Sierra Nevada Conservancy, State Coastal Conservancy, SCO, State Teachers' Retirement System, STO, Transportation Agency, Victim Compensation Board, Water Resources Control Board.

Virtual Instructor Led Training



FI\$Cal offers VILT sessions where SMEs provide thorough explanations of business processes and system functionality, live demonstrations and hands-on exercises.

FI\$Cal held 56 VILT sessions during the reporting period, and 1,902 users from 92 departments and agencies attended. Please note, no VILTs were offered during the month of June due to the allocation of resources to providing essential VILTs to the onboarding departments.

The following departments and agencies attended at least one of these events:

Air Resources Board, Baldwin Hills Conservancy, Board of Governors of Community Colleges, Board of State and Community Corrections, Board of Trustees-Fiscal Mgmt, California Arts Council, California Coastal Commission, California Conservation Corps, California Debt and Investment Advisory Commission, California Department of Financial Protection and Innovation, California Energy Resources Conservation and Development Commission, California Highway Patrol, California Horse Racing Board, California Institute for Regenerative Medicine, California Military Department, California Privacy Protection Agency, California School for the Deaf – Fremont, California School for the Deaf - Riverside, California Science Center, California Workforce Development Board, Commission on State Mandates, Commission on Teacher Credentialing, CSU Fresno, Delta Stewardship Council, Department of Aging, Department of Alcoholic Beverage

Control, Department of Cannabis Control, Department of Child Support Services, Department of Community Services and Development, Department of Conservation, Department of Developmental Services, Department of Education, Department of Fair Employment and Housing, Department of Finance, Department of Fish and Wildlife, Department of Food and Agriculture, Department of Forestry and Fire Protection, DGS, Department of Health Care Services, Department of Housing and Community Development, Department of Human Resources, Department of Industrial Relations, Department of Insurance, Department of Managed Health Care, Department of Parks and Recreation, Department of Pesticide Regulation, Department of Public Health, Department of Real Estate, Department of Resources Recycling and Recovery, Department of Social Services, Department of State Hospitals, Department of Tax and Fee Administration, Department of Toxic Substances Control, Department of Veterans Affairs, Department of Water Resources, Emergency Medical Services Authority, Employment Development Department, Franchise Tax Board, Gambling Control Commission, Government Operations Agency, Governor's Office of Business and Economic Development, Health and Human Services Agency, Health Benefit Exchange Covered CA), High Speed Rail Authority, Judicial Council of California, Labor and Workforce Development Agency, Office of Emergency Services, Office of Environmental Health Hazard Assessment, Office of Planning and Research, Office of Statewide Health Planning and Development, Office of Systems Integration, Office of Tax Appeals, Office of the State Public Defender, Office of Traffic Safety, Peace Officer Standards and Training Commission, Public Utilities Commission, Sacramento-San Joaquin Delta Conservancy, School Facilities Aid Program/Office of Public School Construction, Secretary of State, Secure Choice Retirement Savings Investment Board, SF Bay Conservation and Development Commission, Sierra Nevada Conservancy, State Coastal Conservancy, SCO, State Council on Developmental Disabilities, State Lands Commission, State Special Schools, STO, Tahoe Conservancy, Victim Compensation Board, Water Resources Control Board, Wildlife Conservation Board.

9. The Number and Length of Unplanned Outages That Occurred During Normal Business Hours. (LM #9)

FI\$Cal has taken several steps to increase FI\$Cal system availability and reduce the number and/or duration of unplanned outages. These steps include updating hardware and software platforms, having redundant systems, monitoring system metrics and implementing preventive and perfective measures to improve the availability of the FI\$Cal system. FI\$Cal had five unplanned outages for a combined outage of 227 minutes between July 1, 2022 and June 30, 2023.

10. The Number of Request for Changes to the System by Entities That Reported Concerns With Using the System to Meet Federal Requirements and Descriptions of the Department's Efforts to Resolve Those Concerns. (LM #10)

FI\$Cal did not receive any requests for changes to the system from departments related to meeting Federal requirements. However, FI\$Cal implemented the following enhancements to the system related to federal reporting:

FI\$Cal changed how departments enter a Grants Catalog of Federal Domestic Assistance (CFDA) number by adding a drop down list of numbers to select from to prevent keying errors and provide greater accuracy to general ledger (GL) reports. Putting the CFDA number in the correct format ensures better reconciliation of balances for grants and GL reports where the CFDA table is used, and reduces the need for system cleanup due to improper entry.

AB 2974, signed by the Governor in September 2022, added five new federal Infrastructure Investment and Jobs Act (IIJA) funds for which contracts must include 25 percent Small Business/Microbusiness participation. Changes were made to the FI\$Cal system to allow departments to capture and report all contracting activity and participation in the IIJA.

11. The Recommendations From Evaluations Performed Pursuant to Subdivisions (a) and (c) of Section 11868. (LM #11)

Subdivision (a) of [Section 11868](#) - In its independent monitoring of the system, the California State Auditor's Office shall do, but is not limited to doing, both of the following:

- (1) (A)** Monitor and report annually to the Legislature, pursuant to Section 9795, regarding the Controller's progress toward transitioning the state's accounting book of record from the legacy system utilized by the Controller to the system pursuant to subdivision (c) of Section 11860.

(B) This paragraph shall apply only until the successful transition of the accounting book of record to the system.
- (2) (A)** Monitor and report annually to the Legislature, pursuant to Section 9795, regarding the department's completion of the activities required by [Section 11865](#), with an emphasis on the activities described in subdivisions (c) and (e) of Section 11865 as top priorities.

(B) This paragraph shall apply only until the successful completion of the roadmap activities described in Section 11865.

The CSA is in the midst of their first evaluation pursuant to Subdivision (a) of Government Code Section 11868. Therefore, there are no recommendations related to Subdivision (a) for the reporting period covered in this report.

Subdivision (c) of Section 11868 - The department shall contract for an annual assessment of the system that determines the ease of use of the system by end users, including control agencies, relative to statutory and policy requirements for accounting, cash management, procurement, and budgeting. The assessment shall include recommendations to the department on process, policy, and system improvements including, but not limited to, changes that would assist departments in submitting timely annual financial statements.

FI\$Cal contracted with Deloitte Consulting to administer a comprehensive Financial System Survey to all of our customer departments. This survey was started in December 2022 and completed in January 2023, pursuant to Subdivision (c) of Section 11868. FI\$Cal is currently working with our partner agencies to analyze the recommendations and opportunities identified in the survey results report provided by Deloitte.

Status of Planning for Roadmap Activities

Commencing October 31, 2023, and biennially thereafter, the department shall report on the status of planning for roadmap activities, as described in Section 11865, including any expenditures made with funds provided by the Department of Finance and the Legislature to support “roadmap” activities pursuant to items 8880-001-0001 and 8880-001-9740 of the annual Budget Act.

- **Ensure the system is technically optimized and secure based on infrastructure, platform, and software industry best practices, whether on-premise technologies, cloud-hosted technologies, or a combination thereof are used.**

FI\$Cal is committed to maintaining and enhancing the system to ensure it is secure, responsive and highly available to serve FI\$Cal system end users. As part of this commitment, FI\$Cal continuously monitors system performance and availability, periodically evaluates the end of life cycle of the hardware and software supporting the FI\$Cal system, and plans system maintenance and upgrade activities to keep the system secure and optimized.

Last year, FI\$Cal upgraded authentication and authorization infrastructure supporting the FI\$Cal applications from version 11g to 12c of the Oracle Identity and Access Management suite of technologies. The upgrade brought in the latest technical updates, added stability and extended the technical support from the vendor.

FI\$Cal also expanded its infrastructure and processes to utilize cloud-based Infrastructure Services to perform configuration, validation, testing and training activities associated with onboarding deferred departments.

In addition, FI\$Cal began planning the migration of our key back-office systems and services to cloud-hosted technologies which is scheduled to be implemented during the 2023-24 fiscal year. This will enable FI\$Cal staff to perform their job functions through cloud-based virtual private networks and virtual desktops without any downtime. Additionally, FI\$Cal has planned to upgrade Enterprise Resource Planning software components to the latest version during the 2023-24 fiscal year.

- **Onboard the remaining deferred departments by July 1, 2023, and be sufficiently staffed to provide ongoing support and assistance to end users.**

There are ten deferred departments still required to onboard to FI\$Cal. Of those ten departments, CDT, DOR, and Caltrans are currently working with FI\$Cal to onboard.

FI\$Cal executives met with the remaining seven departments to initiate onboarding discussions and to introduce the fit/gap analysis process. This analysis is conducted to identify the high-level functional and technical fits and gaps between the deferred department's existing system and the FI\$Cal system. A contractor was hired in spring 2023 to engage with the remaining seven departments on their fit/gap analysis.

As part of the Fiscal Year 2022-23 Spring Finance Letter process, FI\$Cal was authorized four new positions to address the CDT and DOR onboarding work and the subsequent ongoing support and assistance to end users. FI\$Cal plans to request additional positions to support the significantly more complex Caltrans onboarding workload and estimated 5,000 additional end users following go-live. Staffing needs for onboarding and ongoing support will be evaluated and requested as deferred departments are scheduled for onboarding activities.

- **Ensure the integrity and security of the state's financial data.**

FI\$Cal reviewed the CalSecure framework, identified the gaps and planned security enhancements.

In April 2023, FI\$Cal implemented a disaster recovery solution on the Amazon cloud. The solution increases system resiliency and will protect against major disasters affecting system availability.

FI\$Cal also deployed an enhanced Security Information and Event Management solution offered as a service by the CDT. The solution helps proactively detect, analyze and respond to security threats before they harm operations.

As part of the roadmap planning, FI\$Cal began planning for the implementation of additional security enhancements during the 2023-24 fiscal year to achieve CalSecure Information Security maturity.

- **Support the transition of the state’s accounting book of record from the Controller’s legacy systems to the system pursuant to subdivision (c) of Section 11860, including validation work related to the annual comprehensive financial report issued pursuant to Section 12460.**

With the passage of Assembly Bill 127 on July 10, 2023, the SCO is required to provide system and interface requirements, and work with FI\$Cal to develop a timeline by December 31, 2023 for the FI\$Cal system to become the official book of record for the state of California by July 1, 2026. FI\$Cal continues to collaborate with the SCO in the planning efforts for the work that needs to be done to meet those deadlines.

- **Work with partner agencies to identify and implement additional products, interfaces, and add-ons to the system to enhance business transactions.**

FI\$Cal continues to collaborate with our partner agencies (Finance, STO, SCO, and DGS) to enhance and improve FI\$Cal system functionality. In particular, a few large enhancements, considered priorities by our partners, began during this report’s reporting period. Those priorities are:

- Deal Management and Bond Accounting - FI\$Cal started requirement discussions and the procurement process for implementing a new deal management module and bond accounting enhancements. (STO, SCO and DGS)
- Electronic Funds Transfer and Supplier Portal – The requirements for these enhancements are complete and FI\$Cal is currently reviewing possible solutions and technologies to implement electronic fund transfer payments and to create a supplier self-service portal. (STO, SCO, Finance and DGS)
- Electronic Claims Reclass – FI\$Cal began working on a system enhancement to provide an automated solution for the reclassification of claims interfaced from the SCO. (Finance)

- Electronic Claims – FI\$Cal began working on a system enhancement to allow departments to process mass payment files in FI\$Cal to the SCO's electronic claims process. (Finance)
 - California State Payroll System – FI\$Cal has participated in discussions with the California State Payroll System project teams to develop high-level interface requirements between the systems. FI\$Cal is analyzing the needed enhancements to accommodate the interfaces and potential business process changes. (SCO)
 - Aconex – FI\$Cal is working with DGS to implement the Aconex project planning solution. Aconex will be used for managing the project lifecycle of DGS construction projects. (DGS)
 - eMarketPlace – FI\$Cal is participating in the planning phases of the DGS eMarketPlace automation project. The eMarketplace will act as a central access point between approved suppliers' online catalogs and FI\$Cal. It will ease end users ability to find and order from approved suppliers based on categories such as small business, disabled veterans, leveraged procurement agreements and/or sustainability, among many others. (DGS)
- **Continue to enhance, upgrade, and manage the system to ensure efficient and relevant alignment with the state's financial management processes.**

FI\$Cal continues to respond to the changing needs of our end users and our partners. This is reflected in the 169 enhancements completed between July 1, 2022 and June 30, 2023. In addition, we strive to learn and understand the needs of the departments using the FI\$Cal system and the issues they are encountering through surveys and engagement with the CIC.

- **Expenditures to Support Roadmap Activities**

In Fiscal Year 2022-23, funding was approved through the Spring Finance Letter process and FI\$Cal expended \$6.6 million to support the onboarding activities of three deferred departments (DOR, CDT and Caltrans), to prepare the FI\$Cal system for integration with the California State Payrolling System, and to enhance the security of the state's financial data.