



Department of FISCAL
Annual Status Report
to the Legislature
for 2025-2026

Released October 2026

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

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SIGNATURE PAGE

Department of FISCal leadership approval/concurrence:

A handwritten signature in black ink, appearing to read 'Subbarao Mupparaju', written in a cursive style.

Subbarao Mupparaju

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.

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

The Department of FISCAL's (FI\$Cal) 2025-2026 Annual Status Report to the Legislature covers the period from July 1, 2025 through June 30, 2026.

The FI\$Cal system is among the largest financial public sector information technology systems in the world, replacing hundreds of legacy systems statewide by combining the state's accounting, budgeting, cash management, and procurement operations into a centralized financial-management system. It is one of California's great business transformation and technical implementation success stories, the result of a collaborative effort that took many years and resulted in valuable lessons learned. Enormously complex by its very nature, the success of the FI\$Cal system represents a tremendous effort and significant partnerships with user departments, the state Legislature, and FI\$Cal's partner agencies. There are currently 151 departments and approximately 14,000 end users using the system, processing \$499 billion in expenditures in the Fiscal Year 2025-2026. Departments are paying their bills and balancing their budgets every day using the FI\$Cal system.

During the reporting period of this Annual Status Report to the Legislature, FI\$Cal released 79 enhancements, which were identified through interactive engagement with FI\$Cal end users. Many of these enhancements improve user experience and customer service, and contribute to continually adding innovation to the system.

In addition to these 79 enhancements, FI\$Cal has successfully implemented the functionality to support the transition of the state's accounting book of record from the State Controller's Office (SCO) legacy systems to the FI\$Cal system in July 2026, pursuant to Government Code section 11860.

FI\$Cal completed the onboarding of the California State Auditor, an exempt department who chose to onboard to FI\$Cal, in July 2025. We continue to work with the remaining deferred departments to bring them onto the FI\$Cal system at the appropriate time.

We also implemented the Deal Management module and Bond Accounting solution into the FI\$Cal system. This implementation allows SCO to maintain comprehensive records of bond proceeds and outstanding debt, while departments gain enhanced debt management, bond transactions, and financial reporting capabilities.

In addition, we enhanced the FI\$Cal system's electronic claims functionality to increase system performance, update department queries, and reduce manual processing.

We also enhanced the FI\$Cal system to process electronic funds transfer payments through FI\$Cal for SCO processing, to allow suppliers to receive payments electronically instead of receiving a paper warrant.

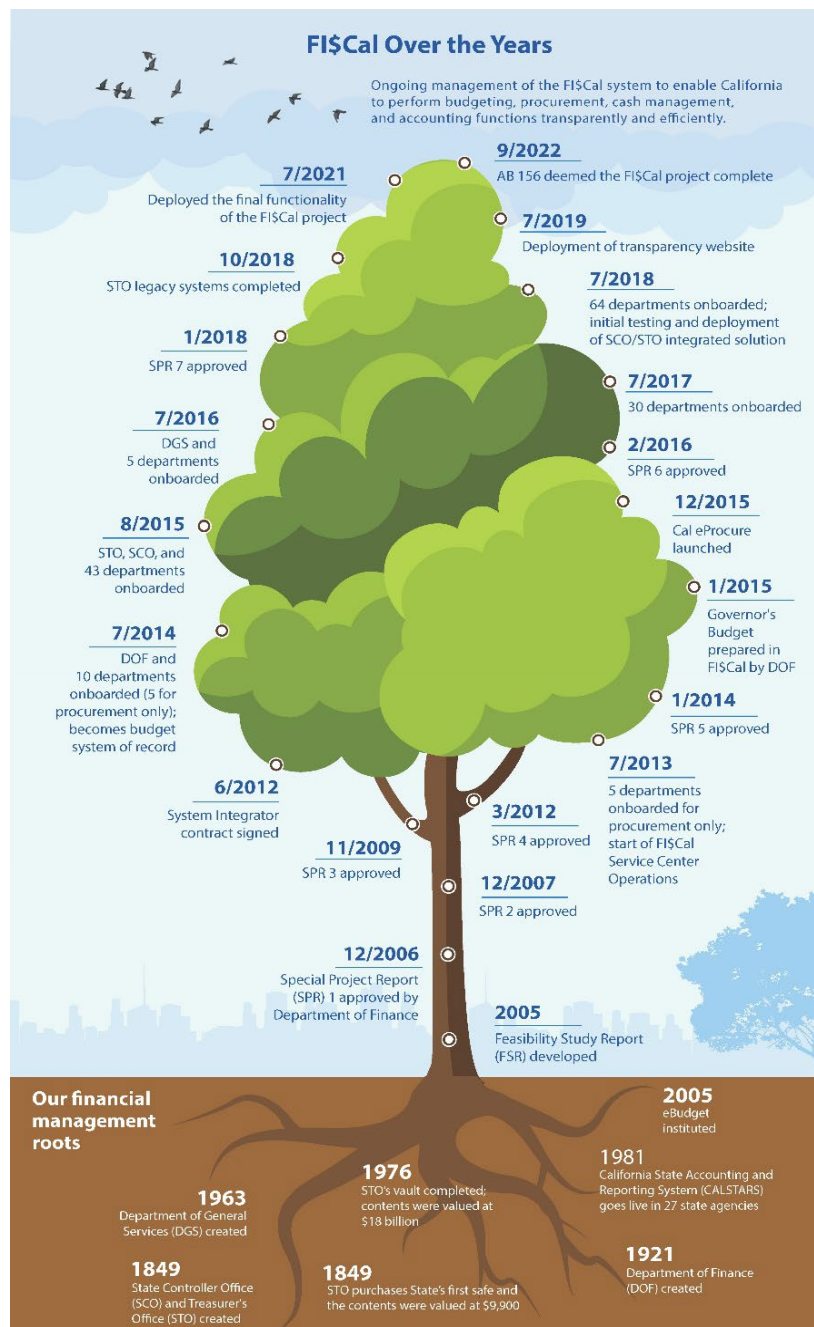
We implemented a Supplier Information Management solution to provide a direct portal for suppliers to update their existing profile and submit their banking information to enable the processing of electronic funds transfer payments through the FI\$Cal system.

We enhanced the State Treasurer's Office (STO) stop payment request process to include non-FI\$Cal departments. This automation enables departments to enter stop payment requests in the system, removing the need for manual processing.

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 General Services. 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.



2022

August

- Enhanced multiple dashboards, reports, and system functionality to improve the month-end close (MEC) and year-end close (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 Department of General Services (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.
- Implemented a disaster recovery solution on the Amazon cloud. The solution increases system resiliency and will protect against major disasters affecting system availability.

July

- Improved the fund reconciliation report to assist departments with the reconciliation process. This allows for more efficiency with reconciliations and assists with the identification of differences that need to be corrected prior to year-end.

August

- Implemented the Architecture Revolving Fund (ARF) workflow process. The enhancement streamlines the paper form and workflow approvals from DGS to Finance and end user departments. This included a form output with appropriation information and electronic signatures.

September

- Created a new interface to load department-issued checks into the FI\$Cal system. This inbound interface records checks issued outside of the system into FI\$Cal and allows for reconciliation.

October

- Onboarded the Office of Data and Innovation onto the FI\$Cal system.

November

- Onboarded the Office of the Inspector General, High-Speed Rail Authority to the FI\$Cal general ledger (GL) module. As the Office of the Inspector General, High-Speed Rail Authority becomes fully operational and staffed they will be onboarded to more FI\$Cal system modules.

December

- Implemented the Project Costing, Customer Contract and Grants Management Power BI dashboard. This dashboard combines data from multiple reports and queries which helps to improve department user experience.

2024

March

- Developed GASB Statement 87 and 96 reports for lease/right-to-use subscription assets and lease/right-to-use subscription liabilities for contracts meeting the GASB criteria.

April

- Updated the FI\$Cal system to align with the federal government by replacing the catalog of federal Domestic Assistance Number with the Assistance Listings Number on existing reports, queries, online pages, and interfaces.
- Automated the monthly closing periods for statewide assessments. This process was previously conducted manually. The automation ensures the process runs consistently each month and will not delay or be delayed by department MEC processes.

May

- Prepared the FI\$Cal system to migrate the configurations, enhancements, conversions, and interfaces for the two departments, California Department of Technology (CDT) and the Department of Rehabilitation (DOR), onboarding in July 2024.

June

- Enhanced the automated employee payroll accounts receivable interface from SCO, to onboard 54 departments to this functionality starting July 1. Through this enhancement, the departments' payroll accounts receivables will be automated which will help to reduce manual entry into the system.
- Implemented a solution for departments to reclass claims interfaced into FI\$Cal from SCO. The new functionality includes reclassing the claim,

liquidating purchase orders, and updating 1099 reporting for the associated suppliers.

July

- Onboarded CDT and DOR to the FI\$Cal system.
- Started California State Auditor onboarding activities.
- Created a journal voucher spreadsheet upload/interface to reduce manual work for SCO users.
- Created a new batch process for the archival process for all SCO and department pay cycles. This batch process archives pay cycle data on a nightly basis and will improve system performance.
- Enhanced the ARF transfer request to add a workflow to the SCO for approval and processing of forms 22, 220 and 221 Master Funding Agreements for project funding.
 - This enhanced ARF process improves efficiency and search functionality.
- Created a new report for Finance and DGS use in approving forms 22, 220 and 221 Master Funding Agreements.
- Created a new report for GASB pronouncement 87 implementation required for year-end reporting. The report enables departments to generate automated GASB 87 and GASB 96 reports for submission to the SCO and eliminates manual tracking of right-to-use liabilities and asset amortizations.
- Created a new asset management Power BI dashboard that provides departments with a clear visual summary of their assets and depreciation details in once place.
- Enhanced options to the emergency tracking entry pages to capture Federal Emergency Management Agency cost categories. This enhancement provides information that assists with the analysis of cost recovery and allows for accurate information to be provided in the Disaster Cost Recovery Tracking report.

August

- Enhanced the InterUnit Invoice Portal to provide additional information and also updated invoices to display that information in a usable format for DGS customers.

September

- Created a comprehensive PowerBI report with dashboards for statewide procurement data. The new Procurement PowerBI report allows users to find, sort, and see procurement data more efficiently. It includes both an

overview with a high-level summary of different data points across multiple styles of graphs and the ability to view specific transaction data with drill down options.

- Enhanced the commitment control security process that provides access to viewing, editing, and posting to different budgetary ledgers. This update reduces the amount of time required to complete the nightly batch process.

October

- Automated the STO stop payment request process. This automation enables departments to enter stop payment requests in the system, removing the need for manual processing.

November

- Created a new Encumbrance Aging Report to view detailed information for all open purchase order encumbrances and group them into aging categories. This enhancement assists departments with managing open commitments and YEC activities.
- Enhanced interfaces to labor distribution and accounts receivable modules to accommodate the new benefit type Savings Plus employer contributions.
- Enhanced reports used for MEC and YEC for assets and outstanding module transactions. These reports help departments identify open transactions that are blocking their ability to close periods and provide required information for year-end reporting.

December

- Created a new report that allows the SCO to review journal vouchers for approval, for post auditing and reconciliation, and to assist with process improvements.
- Enhanced the Project Costing report to display revenue balances from labor billing. This enhancement assists departments with reconciliation processes.

2025

January

- Enhanced the direct transfer credit process on the credit invoice for departments. This helps authorized departments utilizing the direct transfer process with creating deposits with line level accounting information.

February

- Enhanced the P-Card submodule to disable the supplier link. This enhancement is a guardrail to prevent department users from populating the cardholder's card information to the Vendor Master File.
- Created summary and error log email notifications for SCO interface reconciliation. Users will be able to receive email notifications, which aids in faster resolution of errors and keeps systems reconciled.
- Enhanced a GL report by including two additional transaction types. These transaction types allow department users to perform reconciliations without additional research.
- Created a new query for departments to use to monitor their interunit transfer approvals. This query allows departments to monitor and assign approvers prior to running the interunit transfer process and helps ensure that no asset gets transferred without the required approvals.

March

- Enhanced the labor distribution personal activity sheet query to support departments with extracting employee timesheet data. This enhancement assists departments to reconcile data quicker and more efficiently before running labor distribution and labor correction processes.

April

- Enhanced the Adjust Withholding page with a guardrail to prevent departments from inadvertently deleting or overriding the original 1099 data.
- Enhanced asset retirement disposal code functionality for leased assets and introduced a new disposal code for right-to-use assets (GASB 87 and GASB 96). This enhancement helps the SCO and departments in tracking asset disposals.
- Created a new system validation between the use of the Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) option acquisition methods and active SB and DVBE supplier certification types. This validation ensures departments select a correct active supplier certification type along with the corresponding SB or DVBE acquisition method, and improves the accuracy of required departmental and statewide procurement reporting, including the Consolidated Annual Report for State Contracting.
- Created a system guardrail to prevent users from backdating leases prior to the lease management module implementation date. This prevents user entry errors and from having a commencement date prior to the GASB 87 and 96 inception date.

- Enhanced the payment interface to include the STD 432 Stop Payment Request information. The modified interface allows for the bulk submission and the electronic processing of stop payments. These payments will be included in the nightly transmission to STO.

May

- Enhanced the FI\$Cal system to allow access for seven non-FI\$Cal departments to utilize the ARF transfer request functionality in FI\$Cal to generate forms 22, 220 and 221 for project funding. Access was also granted to the ARF workflow report to support the functionality.
- Enhanced the project costing module to add a link to the Statewide Emergency Incident Number (SEIN). This enhancement will reduce mismatches between emergency type and the disaster event SEIN and provide accurate reports.
- Enhanced the InterUnit Invoice Portal Page to include additional print options, created four new direct transfer reports and updated the Accounts Receivable WorkCenter.

June

- Enhanced the lease payment schedule functionality and created a custom table and process to extract and maintain the lease payment history schedule for GASB 87 and GASB 96 reporting purposes. This new functionality eliminates a mismatch between the recognized liabilities versus the future payment information in the future payment schedules.
- Enhanced the MEC Tool to include a new query which provides a soft warning for periods 1 through 11 and a hard stop for period 12 for Office Revolving Fund (ORF) replenishment vouchers under employee and petty cash suppliers when the ORF replenishment box is checked but no ORF advance prepaid voucher is available.
- Enhanced the FI\$Cal system to automate the STD 432 Stop Payment Request process into the system for the deferred and exempt departments to use this functionality in FI\$Cal instead of doing it manually. All stop payments made during business hours across all deferred and exempt departments are interfaced to STO during the nightly batch.

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

2025

July

- Enhanced the FI\$Cal system to prevent manual updates of 1099 withholdings on the purchase order to mitigate incorrect 1099 reporting.
- Created a reconciliation report to assist departments with identifying root cause items and enter adjustments in the book to bank process in FI\$Cal.
- Enhanced system performance for the mass completion process to increase system and user efficiencies by reducing the amount of time needed to process these transactions.
- Migrated multiple enhancements in preparation of the accounting book of record implementation, including:
 - Updates to the Centralized State Treasury System Bank Statement and Modified Accrual Except reports to include accounting book of record-related transactions
 - Updated to accounts payable (AP) approval and GL journal workflows to route to SCO's State Accounting and Reporting Division for approval
 - Updates to the accounting entries related to processing ARF transfers to allow full processing in the FI\$Cal system
 - Created a statewide year-end close tool and checklist for FI\$Cal departments to certify their financial statements in the system
- Enhanced the FI\$Cal system to account for and track local agency investment fund transactions including conversion of balances, an interface, and Monthly Detail Register report.
- Enhanced the system to enter and process offsets for lottery, unclaimed property, and personal income tax for participating departments.

August

- Enhanced the FI\$Cal system assets interface to add the purchase order ID and long description fields in order to standardize the required data needed for reports 18 and 19 for financial statements.

September

- Enhanced the FI\$Cal system check print process to automatically add the signature image when the check prints, reducing manual processing.

- Enhanced the FI\$Cal system to automate the collection of ethnicity, race, gender, and sexual orientation reporting and voluntary statistical data sheet data collection from state vendors.
- Enhanced the Statement of Cash Accountability dashboard to provide a Power BI option and added new drilldown options for AP and GL transactions.

October

- Enhanced the FI\$Cal system's electronic claims functionality to increase system performance, update department queries, and reduce manual processing.

November

- Enhanced the FI\$Cal system's accounts receivable and billing module to allow departments the ability to update invoice line description with detailed information needed for their grant invoices.
- Modified report 6 to align with report ZGL013, supporting a smoother and more accurate agency monthly reconciliation process. As a result, department users can significantly reduce the time spent validating budgetary balances.
- Enhanced the FI\$Cal system's asset tag number field in the depreciation report to provide additional detail to help departments with asset reconciliation.

December

- Released a new depreciation report with the capability to review assets in depreciation and correct any errors before asset management close.
- Created a guardrail in the FI\$Cal system to only allow the same business unit (BU) to reconcile procurement card transactions with a purchase order from the same BU.
- Created a new query to display employee options and defaults to assist departments in extracting the needed chartfield values for individual employees or group based on labor distribution configuration.
- Implemented the Deal Management module and Bond Accounting solution into the FI\$Cal system to allow SCO to maintain comprehensive records of bond proceeds and outstanding debt, while providing departments with enhanced debt management, financial reporting, and bond transactions capabilities.
- Enhanced the FI\$Cal system to allow the processing of electronic funds transfer payments.

2026

January

- Created a new accounts receivable interface that allows departments to attach documents to the associated item, thus reducing manual errors and saving staff time.
- Enhanced the FI\$Cal system to provide a log and trace of department speed chart values so departments can mitigate issues if made incorrectly.
- Enhanced the asset information report to pull the accumulated depreciation and depreciation expense values from the capital book instead of the state book, which eliminates the reporting of erroneous entries.

February

- Enhanced functionality to an accounts receivable interface to be able to upload and process Excel CSV spreadsheets for deposits and payments.

March

- Enhanced the accounts receivable auto reclass process to allow departmental users the ability to select a prior accounting date for reclassifying accounts receivable abatements, giving departments sufficient time to reconcile and submit their final Plan for Financial Adjustment to SCO.
- Enhanced accounts receivable interface to provide users with an email notification after the file is uploaded and the interface batch process has run and is complete.
- Enhanced the electronic claims reports functionality to update audit findings, audit filters, provisionally approved vouchers, and journal voucher worklist reports across various system enhancements.

April

- Enhanced the accounts receivable auto reclass process to allow departmental users the ability to select a prior accounting date for reclassifying accounts receivable abatements, giving departments sufficient time to reconcile and submit their final Plan for Financial Adjustment to SCO.
- Enhanced accounts receivable interface to provide users with an email notification after the file is uploaded and the interface batch process has run and is complete.

- Implemented a Supplier Information Management solution to provide a direct portal for suppliers to update their existing profile and submit their banking information to enable the processing of electronic funds transfer payments through the FI\$Cal system.

May

- Completed the implementation Financial Reporting Enhancements release, which included SCO-requested enhancements pertaining to the transition of the state's accounting book of record from SCO legacy systems to the FI\$Cal system.

June

- Implemented the functionality to support the transition of the state's accounting book of record from SCO legacy systems to the FI\$Cal system in July 2026, pursuant to Government Code section 11860.

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 (MDW) for each onboarding department. The MDW provides onboarding departments with a holistic view of the tasks involved in the onboarding process. The workplan is modified after each onboarding effort to account for lessons learned.

FI\$Cal has also updated existing, 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 have unlimited access to recorded mini virtual instructor-led training (VILT) courses, which are segments of the full day/two-day VILTs broken down into smaller, manageable segments. These recorded sessions are followed by live question and answer training sessions with a FI\$Cal subject matter expert (SME). This

enables end users to become familiar with the system before attending working sessions with FI\$Cal onboarding SMEs.

FI\$Cal has conducted 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, FI\$Cal engages with these departments to work on the gaps and identify solutions. This includes business process and/or technical solutions.

Onboarding Department Support

FI\$Cal started working with the California Department of Transportation (Caltrans) in July 2023 to onboard them onto the FI\$Cal system. FI\$Cal and Caltrans have collaboratively identified the functional and technical gaps between Caltrans' current business processes and their existing systems and the FI\$Cal system. The gap resolution activities, along with other onboarding activities defined in the MDW are currently in progress. FI\$Cal continues to support the Caltrans onboarding efforts by conducting business process gap discussions, engaging their SMEs in training, and providing their end users with exposure to the FI\$Cal system through guided learning curriculum in the FLC.

FI\$Cal began working with the Department of Justice (DOJ) in July 2025 to onboard the department onto the FI\$Cal system. Following the same approach used during the Caltrans onboarding, FI\$Cal and DOJ have collaborated to identify business and technical gaps, conduct resolution activities, and complete the defined MDW tasks. Additionally, DOJ has been granted access to the FLC, allowing end users to become familiar with the FI\$Cal system through the guided learning curriculum.

Post-Onboarding Department Support

FI\$Cal Relationship Coordinators are assigned to departments and they 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 towards ensuring a more successful user experience and maintaining a high level of user satisfaction.

The FI\$Cal Service Center (FSC) provides support to FI\$Cal system end users. 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 system transactions. In

addition, how-to videos 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 (USL) 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)

- Internal Improvement in the ServiceNow Case Tracking
FI\$Cal created new dashboards for major project post go live stabilization reporting and tracking. Dashboards and project identifiers were created and monitored daily for each new project. This proactive approach, along with the improvement in case ticket notifications to users, has reduced the number of aged tickets and provided timely support to struggling users. FI\$Cal continues to look for opportunities to improve ticket resolution times.
- Improvements to Onboarding Planning Year Activities
Based on lessons learned from the 2024 and 2025 onboarding departments, FI\$Cal updated the MDW to add Chart of Accounts (COA) and Budgets, Reporting, and Interface tasks in the first year of engagement. This will allow onboarding departments an early engagement opportunity to identify their COA and budget needs as well as identifying work on their end for interface creation and updates.
- Improved Communication at Customer Impact Committee Meetings
In an effort to be proactive, in coordination with the chair of the Customer Impact Committee, FI\$Cal has developed a survey to solicit topics and questions which allows FI\$Cal to invite the necessary SMEs to the meeting to answer and address these questions in real time and solicit discussion among the departments attending.
- Continuous Improvement and Department Feedback Opportunities
In alternating years, FI\$Cal conducts a retrospective with a sampling of live departments on their MEC and YEC closing processes to identify opportunities for improving the process and the FI\$Cal system.

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.

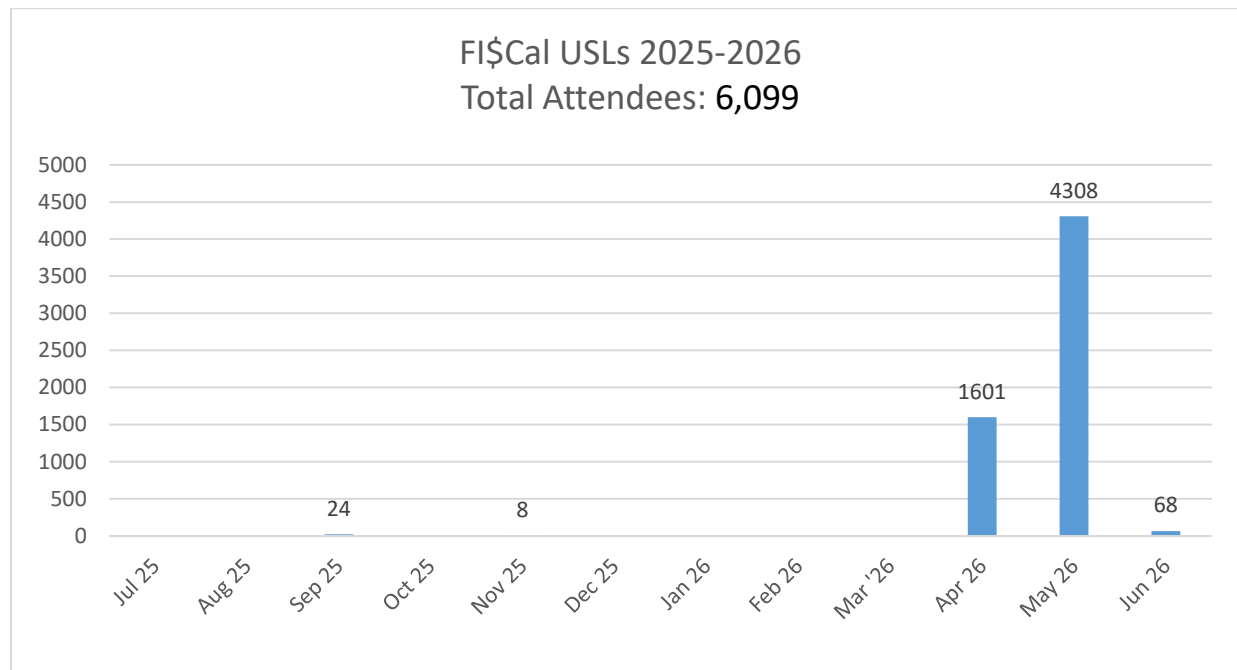
- Enhanced the system to provide automated submission of stop payment requests to the STO for FI\$Cal and non-FI\$Cal departments.
- Enhanced the system to process electronic funds transfer payments through the FI\$Cal system for SCO processing. This enhancement allows suppliers to receive payments electronically instead of receiving a paper warrant.
- Implemented automated bond cash transfers to provide automated functionality for cash transfers related to bond expenditures. This functionality reduces departmental processing time and ensures timely transfer of cash to process expenditures.
- Implemented a Supplier Information Management solution to provide a direct portal for suppliers to update their existing profile and submit their banking information to enable the processing of electronic funds transfer payments through the FI\$Cal system.
- Implemented the functionality to support the transition of the state's accounting book of record from SCO's legacy systems to the FI\$Cal system.

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

The [Delinquent Year-End Financial Statements 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, Townhalls, and SCO Accounting Book of Record Workshops

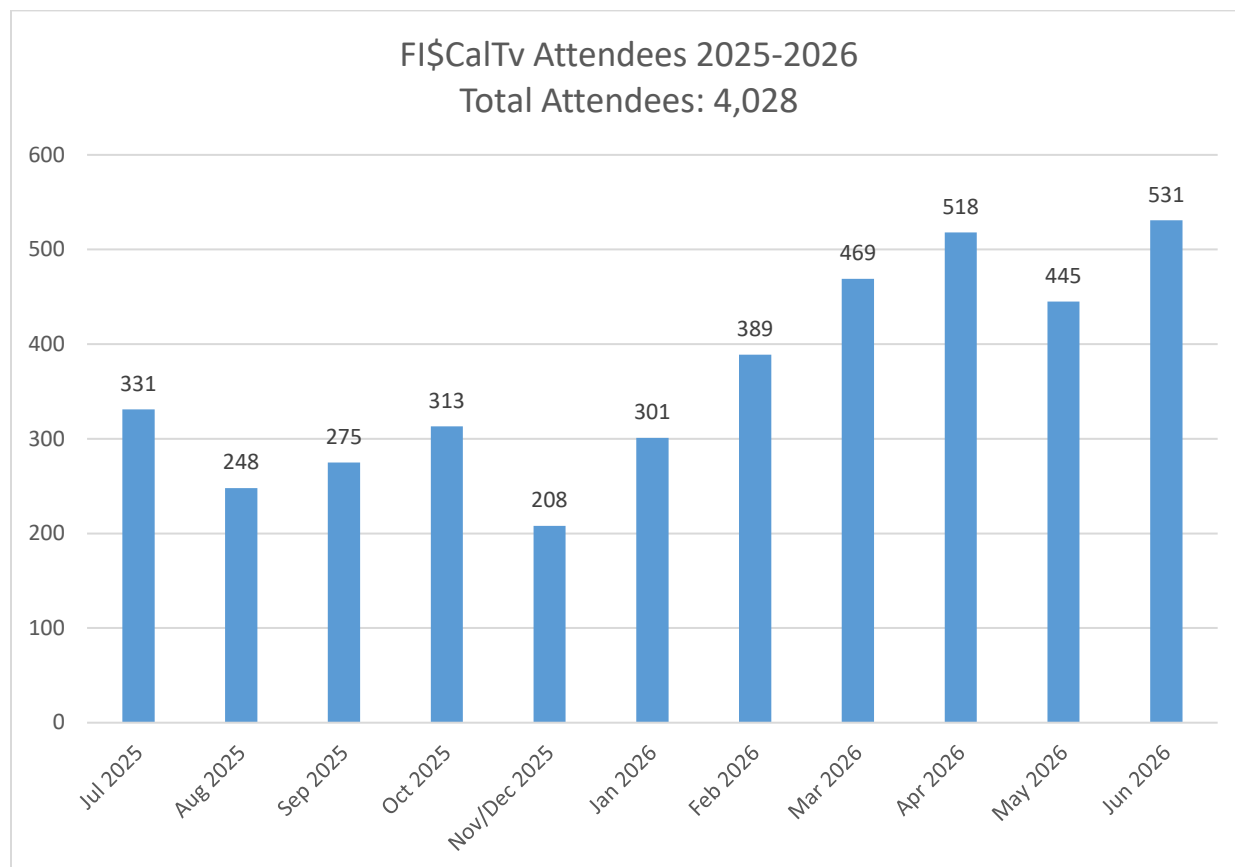


USLs provide FI\$Cal system end users an opportunity to receive support on work assignments and real-time training from FI\$Cal SMEs. Virtual lab sessions are available by appointment.

Approximately 100 end users from 17 departments/agencies requested and attended nine USLs during the reporting period of this annual report. The following departments and agencies attended at least one USL:

California Correctional Training and Rehabilitation Authority, Department of Corrections and Rehabilitation, California State Auditor, Department of Finance, Department of Forestry and Fire Protection, Department of General Services, California Housing Finance Agency, Department of Justice, Department of Rehabilitation, Department of Technology, Department of Transportation, High Speed Rail, Legislature, Lottery Commission, Office of Emergency Services, State Controller, and State Treasurer.

In April and May, FI\$Cal supported SCO with facilitation and subject matter expertise via an accounting book of record townhall and multiple workshops. These virtual engagements provided 5,909 users from both FI\$Cal departments and deferred and exempt departments with information to prepare for the go live on July 1, 2026.



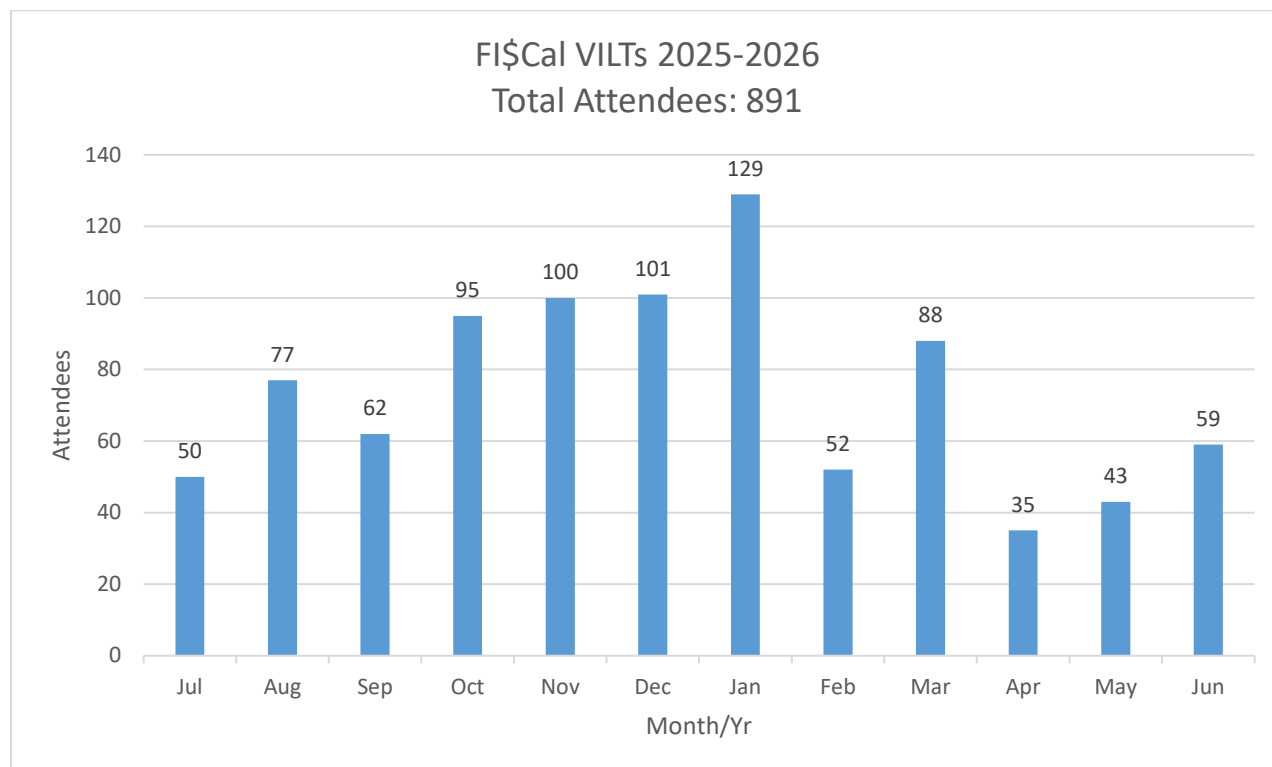
FI\$CalTv offers training and information to end users via webcast sessions, where users can connect with FI\$Cal SMEs who provide information on specific topics and valuable tips, tricks, and information. The episodes are stored and accessible in the FLC and on FI\$Cal's YouTube channel after the webcast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

During the reporting period for this annual report, FI\$Cal provided 11 FI\$CalTv sessions, with 4,028 attendees from 101 departments and agencies. The following departments and agencies attended one or more of these events:

Air Resources Board, Board of Forestry and Fire Protection, Board of Governors of Community Colleges, Board of State and Community Corrections, California Arts Council, California Children and Families Commission, California Commission on Aging, California Conservation Corps, California Correctional Training and Rehabilitation Authority, California Energy Resources Conservation and Development Commission, California Highway Patrol, California Housing Finance Agency, California Institute for Regenerative Medicine, California Military Department, California School for the Deaf – Fremont, California School for the Deaf - Riverside, California Science Center, California State Assembly, California State Auditor, California State Library, California State Senate, California State Treasurer's Office, California State University, California Workforce Development

Board, Civil Rights Department, 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 FI\$Cal, Department of Food and Agriculture, Department of Forestry and Fire Protection, Department of General Services, 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 Managed Health Care, 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 Toxic Substances Control, Department of Transportation, Department of Veterans Affairs, Central California Diagnostic Center, Employment Development Department, Franchise Tax Board, Gambling Control Commission, Government Operations Agency, Health and Human Services Agency, Health Benefit Exchange (Covered CA), High Speed Rail Authority, Judicial Council of California, Legislative Counsel, Lottery Commission, Natural Resources Agency, Office of Emergency Services, Office of Energy Infrastructure, Office of Environmental Health Hazard Assessment, Office of Land Use and Climate Innovation, Office of Service and Community Engagement, Office of Systems Integration, Office of Tax Appeals, Office of the Inspector General, Office of the State Public Defender, Peace Officer Standards and Training Commission, Public Employees' Retirement System, Public Employment Relations Board, Public Utilities Commission, Rivers and Mountains Conservancy, Secretary of State, Sierra Nevada Conservancy, State Compensation Insurance Fund, State Controller's Office, State Lands Commission, State Teachers' Retirement System, Student Aid Commission, Tahoe Conservancy.

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 891 users from 80 departments and agencies attended.

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

Air Resources Board, Board of Governors of Community Colleges, Business, Consumer Services and Housing Agency, California Arts Council, California Coastal Commission, California Commission on aging, California Conservation Corps, California Debt and Investment Advisory Commission, California Department of Financial Protection & Innovation, California Department of Technology, California Energy Resources Conservation and Development Commission, California Highway Patrol, California Military Department, California Rivers and Mountains Conservancy, California School for the Deaf – Fremont, California School for the Deaf – Riverside, California State auditor, , Commission on State Mandates, Commission on Teacher Credentialing, Commission on the Status of Women and Girls, Delta Protection Commission, Delta Stewardship Council, Department of Aging, Department of Alcoholic Beverage Control, Department of Cannabis Control, Department of Community Services and Development, Department of Conservation, Department of Consumer Affairs, Boards, Bureaus, &

Divisions, Department of Corrections and Rehabilitation, Department of Developmental Services, Department of Education, Department of Fair Employment and Housing, 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, Department of General Services, 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 Motor Vehicles, Department of Parks and Recreation, Department of Public Health, 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 Toxic Substances Control, Department of Veterans Affairs, Employment Development Department, Franchise Tax Board, Governor's Office of Business and Economic Development, Health Benefit Exchange (Covered CA), High Speed Rail Authority, Judicial Council of California, Office of Administrative Law, Office of Emergency Services, Office of Energy Infrastructure Safety, Office of Land Use and Climate Innovation (GoLUC I), Office of Statewide Health Planning and Development, Office of Systems Integration, 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, Sierra Nevada Conservancy, State Coastal Conservancy, State Controller, State Council on Developmental Disabilities, State Lands Commission, State Special Schools - Diagnostic Centers, Statewide STPD, Tahoe Conservancy, Victim Compensation Board, Water Resources Control Board

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

FI\$Cal is continuously modernizing and improving the system to increase FI\$Cal system availability and reduce the number and/or duration of unplanned outages. These efforts 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.

Although the FI\$Cal system experienced no unplanned outages during the Fiscal Year 2025-26, a January 2026 incident affected new users attempting to log in. Due to a global disruption of Microsoft email services impacting organizations worldwide, these users did not receive their one-time passwords. While Microsoft's full recovery took more than 24 hours, FI\$Cal implemented mitigation measures that limited the impact on end users to less than three hours.

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 enhancement to the system related to federal reporting:

FI\$Cal enhanced an existing query to capture key information that streamlines reporting for cash and analysis for federal programs during a federal freeze or shutdown.

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.

(b) The department may contract for quality assurance services to monitor system-related workload, as needed, or as determined to be appropriate by the department.

(c) 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.

Pursuant to subdivision (a) of Government Code section 11868, the California State Auditor provided the following recommendation in Letter Report 2025-039, dated December 16, 2025, "To ensure that it resolves the disagreement with CalSTRS regarding CalSTRS' status, the Department of FISCAL, in consultation with CDT and CalSTRS, should obtain an independent written legal opinion on whether CalSTRS is constitutionally exempt from using FISCAL." In response, FISCAL is working with CDT and CalSTRS, in consultation with Finance, to identify the next steps.

Pursuant to subdivision (c) of Government Code section 11868, FISCAL conducted the fourth annual survey of departments in January 2026 to identify department concerns and opportunities for system and process improvements. Below are a few of the functional efficiencies that were identified through the departmental survey that are under further analysis by FISCAL:

- Self Service: Improve troubleshooting options through self-service tools that can quickly provide relevant information to the departmental users from various job aids, training materials, policy and procedure documents, and other support materials to enable rapid resolution of user issues.
- Efficiency: Enable FISCAL to digitize transactions to eliminate paper-based processes where possible, and automate generation of necessary documents such as contract documents (STD 213, STD 215 and STD 16).

Status of Planning for Roadmap Activities

Pursuant to [Section 11864](#), the department is not required to report on roadmap activities in this year's report.