

JFMIP Update

FMS 14th Annual Conference
August 11, 2004

JFMIP Snapshot: 2003

http://www.jfmip.gov/jfmip/download/document/2003_annual_report.pdf

Federal Financial Management Environment: Strategic Drivers Impacting Financial Management

Information For Decision Making

Budget/Performance Integration

Accountability and Oversight

Acceleration

Internal Controls

Budgetary Resources

Consolidation

Competitive Sourcing

Human Capital

Information Systems

Enterprise Architecture

Availability/Use

President's Management Agenda

Strategic Management of Human Capital

Competitive Sourcing

Budget and Performance Integration

Improve Financial Performance

Expand E-Government

Measuring Federal Financial Performance

What Benchmarks Count?

Indicator	24 CFO Agencies, FY 2002
• Clean Audit Opinion	21
• Assessment of FFMIA Compliance	5
FY 2002 FFMIA Non-Compliance, by Reason *	
• Financial System not Integrated	12
• Inadequate Reconciliation Procedures	11
• Lack of Timely/Accurate Recording	17
• Non-Compliance with SGL	9
• Accounting Standards	13
• Weak Security over Information System	19

* Source: GAO, Financial Management: Sustained Efforts Needed to Achieve FFMIA Accountability, GAO-03-1062, September 2003

President's Management Agenda Measures— Executive Scorecard

Green in Financial Management Achieved When:

On time financial reporting; unqualified opinion

Complies with FFMIA

Produces accurate financial information on demand

No material internal control weaknesses or chronic/significant
Antideficiency Act violations

Routinely uses performance and financial information to support day-to-day
decision making

Agency Head assurance of no material noncompliance with
laws/regulations

Most Recent Score:

SSA, EPA, ED, NSF are Green on Status

Most Agencies Green on Planning to Get There

Major Trends in Federal Financial Systems

Integration

Standardization

Consolidation

Use of Commercial Off the Shelf Systems

Web Centric Strategies

Cross Servicing/Outsourcing to Commercial Application
Service Providers

Internal Controls – Will they be audited?

President's Management Agenda Implications for Systems and Processes

Stronger internal controls to ensure high quality data that is complete and accurate

Business process changes needed to “build in” data quality at the start of the transaction

Greater standardization in business rules

Greater standardization in financial data

Integration of data

Greater use of e-processes

Horizontal enterprise integration

JFMIP Financial Management Systems Requirements Activities

Framework

Systems Requirements

JFMIP Framework for Federal Financial Management Systems April 2004

http://www/jfmip.gov/jfmip/download/document/0404_Framework_Final.doc

Financial management cuts across the entire
federal enterprise.

Financial Management

Business

Information/Data

Services & Applications

Technology

Financial Management Environment

The Public Interest

Congress

Appropriations
Defines level and method
Authorizes Resource Use

Governance
OMB Policy
Agency Missions
Programs
Business Events
Financial Events

Enterprise Management Information and Decision Support

Framework for Financial Management

Modernization to enable change
- Goals & Objectives
- Agency Direction

Feeders - Enterprise Information Systems

HR & Payroll
Benefits
Travel
Acquisition
Property Management
Inventory
Revenue
Grants
Loans
Insurance

Service Delivery

Core Financial Systems

Funds management
General Ledger Management
Cost management
Payments management
Receivable Management
Reporting

Accounting

Data Mapping &
Mining

Financial Information
Financial Statements
Financial Reports

Budgeting
Budget & performance Integration
Human capital management

Program Management
Performance Measurement
All-resource Cost Accounting
Life cycle management

Planning & Decision Support
Strategic planning
Annual Performance Report
Fee setting, A-25
Competitive Sourcing, A-76
Multi-agency missions

**Commercial
Financial Systems**
Services & Components
Enterprise Data Sharing
Open architecture
Integrated tools

Knowledge
Management

JFMIP Financial System Requirements

Update Property

Develop Insurance

Update Core

Develop Integrated Database

How Important are Requirements to Successful System Efforts? VERY!

Causes of Information Technology Project Problems by Rank

Lack of User Input	1
Incomplete Requirements and Specifications	2
Changing Requirements and Specifications	3
Lack of Executive Support	4
Technology incompetence	5
Lack of Resources	6
Unrealistic Expectations	7
Unclear Objectives	8
Unrealistic Timeframes	9
New Technology	10

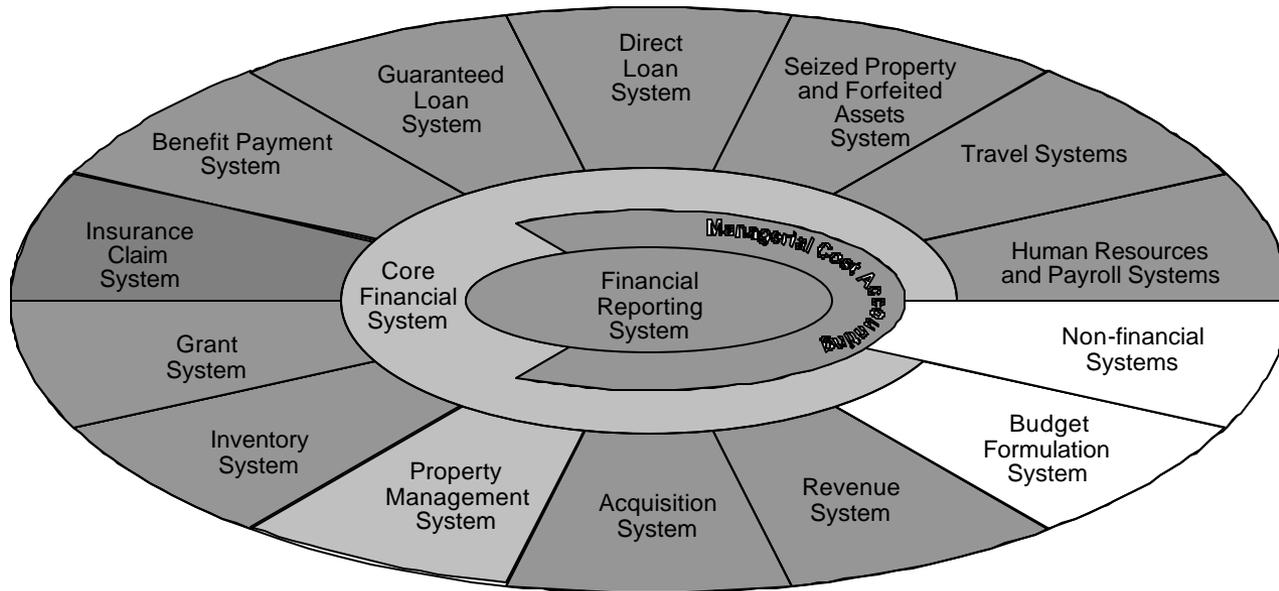
Source: CHAOS: "The Dollar Drain of Information Technology Project Failures," The Standish Group, 1995

Characteristics of Good Requirements

Complete	Not Missing Any Key Descriptive information
Consistent	Does not Conflict with Any Other requirement Specified for the System
Modifiable	Can Be Altered With a History Kept of the Changes. Requires That Each Requirement Be Uniquely Labeled
Traceable	Must Be Traceable to Its Original Source

Source: Wieners, K. E., "Writing Quality Requirements, Software Development, May 1999, (www.processimpact.com/pubs.shtml)

Publish JFMIP Financial Systems Functional Requirements Status — May 2004



- | | |
|---|---|
|  Issued Since 1998 |  Development in Process |
|  Update in Process |  Never Issued |

Communicates Common Mandatory Requirements

Property Management System Requirements Update

Led by Department of Defense

Team members from NASA, HHS,
Homeland Security, USDA, DOE and
Interior

Update based on new or revised FASAB
standards and other regulations

Expected Exposure Draft in September
2004

JFMIP Insurance Systems Requirement Project

Scope: Develop a functional financial system requirements document for federal insurance programs.

Leader: Fred Carns, Deputy Director, Division of Insurance and Research, Federal Deposit Insurance Corporation

Coverage: Checking and Savings Deposits, Pension Plans, Catastrophic Events, Social Insurance, Other

Timeline: Exposure Draft – October 2004
Final Document – March 2005

JFMIP Core Financial System Update Process

Core Financial System Management

Payment Management
Receipt Management
General Ledger Management
Cost Management
Funds Management
Reporting

Led by CFOC Systems/E-Government Committee Chair:
Mark Carney

“As Is” JFMIP Requirements Development Process

Requirements documents updated individually at different times (3 year cycle)

Documents at various stages ranging from Levels 1-4 of RMM

Level 1 - Written

Level 2 – Organized

Level 3 – Structured

Level 4 – Traced

Level 5 – Integrated

Published 14 FM system area documents since 1998.

Coming Events!

A fully Integrated JFMIP Federal Financial System requirements database

Requirements Management Maturity (RMM) level 5 in all financial management systems areas (e.g., written, organized, structured, traced and integrated requirements origination).

Expected Outcomes:

Greater information and analytical capabilities

Identification of integration touch points across all systems

Facilitation of “horizontal” management of requirements across an integrated FM architecture.

JFMIP Financial Management Systems Activities

Core Financial System Testing

JFMIP Core Financial System Testing Process

Core Financial System Management

Payment Management
Receipt Management
General Ledger Management
Cost Management
Funds Management
Reporting

Goal: Keep Requirements and Vendor Offerings
Aligned!

Why Test?

Costs of Software Defects*

When Defect is Detected

Typical Cost of Correction

User Requirements

\$100-\$1,000

Coding/Testing

\$1,000 or more

System Testing

\$7,000 to \$8,000

Acceptance Testing

\$1,000 to \$100,000

After Implementation

Up of millions of \$\$\$\$

The Business Case for Clearly Defined Requirements and System Testing. Who argues with ROIs of over 1000 to 1?

*Collard, Ross, Software Testing and Quality Assurance, 1997

JFMIP Process: Requirements and Test History

1999	Core Requirements Updated
1999	First Round of Testing
2000	First Incremental Test
2001	Core Requirements Updated
2003	Second Round of Testing

Upcoming Events

2004 Incremental Testing – Steve Fisher

2005 Core Requirements Update – Steve Balsam

2006 Third Round of Testing – Steve Balsam

2003 Core Test Results

Vendor Name	Product	Version	Test Results	Effective Date	Expiration Date
<u>SAP Public Services, Inc.</u> (SAP)	mySAP ERP with Enterprise Add-on for Public Sector and Extension Set	v4.7	Passed	6/10/2003	6/30/2006
<u>American Management Systems, Inc.</u> (AMS)	Momentum Financials	v5.0	Passed	6/12/2003	6/30/2006
<u>Digital Systems Group, Inc.</u>	Integrated Financial Management Information Systems (IFMIS)	v6.0	Passed	6/25/2003	6/30/2006
<u>Oracle Corporation</u>	Oracle E-Business Suite 11i	v11i.9	Passed	9/10/2003	9/9/2006
<u>PeopleSoft, Inc.</u>	PeopleSoft Financial Management Solutions (FMS)	v8.8	Passed	2/10/2004	2/9/2007
<u>Savantage Solutions, Inc.</u>	Altimate	v3.0	Passed	3/16/2004	3/15/2007

2004 Incremental Test Strategy

Incremental testing of 6 packages in 3 key areas

Central Contractor Registration (CCR) interface
and payment management

FACTS II reporting category attribute

IPAC bulk file upload/download support

Major 2003 Test “Lessons Learned”

Agencies need to:

- Select “Best Fit”

- Select a software integrator with extensive federal accounting experience

- Adopt the federal accounting standards

- Ensure the configuration choices will continue to meet core accounting requirements

- Extensively acceptance test the configured system prior to live operation

- Extensively acceptance test any new version prior to upgrade

- Feeder system functionality critical to core

JFMIP's Agency Outreach Interviews

There is more to it than the
Software !

Purpose of Outreach Interviews

Interview Federal agencies/bureaus regarding current and planned implementations to:

Collect implementation data, lessons learned, and common issues

Identify potential improvements to the Core FMS requirements, testing process, and Knowledgebase

Identify status for acquisition, travel and budget formulation systems

Analyze the costs and benefits of the testing process

Findings/Lessons Learned: Value-Added by JFMIP's Process

Requirements, Testing Process, and Knowledgebase

JFMIP requirements are helpful, vendors are responding, software is improving

Agencies want JFMIP to improve requirements on cost management and systems integration (especially integration of Travel, Procurement, and Budget Formulation systems)

Agencies want repository for implementation data, lessons learned, and systems expertise

There is inconsistent use of JFMIP's Knowledgebase

Findings/Lessons Learned: Improving Requirements

Additional requirements/testing needed to correct system assurance problems

Reporting often degrades system performance

Data warehouses are often necessary

Difficult for JFMIP to Test

E-Gov initiatives are expensive mandates;
agency resources are scarce

Findings/Lessons Learned: System Life Cycle Management

Upgrades can be problematic and expensive

Especially for:

- Upgrades from client server to web-based technology

- Early adopters (serve as beta test for vendor)

- Agencies that skip upgrades

Lessons

- Do not assume functionality and performance will remain satisfactory

- Level of effort can be comparable to new implementation, especially if the agency “lags” in timeliness of upgrades

- Converting data can be problematic

- Agencies must test new version upgrade prior to “go live”

Findings/Lessons Learned: Project Sponsorship and Governance

Robust Executive Governance Structure That
Includes Key Stakeholders is Necessary to:

Achieve Standard Agency Data and Processes

Add Realism to Implementation Budget

Surface and Resolve Issues Timely

Safeguard Against Unwise Customization

Findings/Lessons Learned

Configuration management is critical!

Do not underestimate data clean-up and conversion!

Internal controls and data architecture of interdependent components and business processes impact the robustness of the whole business system.

Findings/Lessons Learned:
Management of the Seams is Key
Drivers of Cost And Risk:

Standardizing Interfaces (data and format)

Reducing the number of interfaces

Failure to “turn off” Legacy Systems that previously supported Core Financial System Functionality.

Findings/Lessons Learned: Reengineered Business Processes

System internal controls do not allow
processing of partial information

Frequently, System Shifts Where Work is
Performed to Business Event (e.g. to
Program Offices and Acquisition Staffs)

Develop Customized Training Using Your
Configuration and Business Cases

Findings/ Lessons Learned: Costs and Benefits of JFMIP Certification Process

Agencies feel that the certification process has caused vendors to improve software, and add better federal functionality

The results for agencies are:

- Less customization

- Streamlined acquisition process when procuring certified software

Additional testing by Agency is critical!

- Before go live

- After major patches

- When going version to version

Summary of Findings/Lessons Learned

Core FM software has matured significantly. There are fewer complaints about functionality of certified software.

Primary areas for improvement that go beyond software:

Agency governance – Data, process, and interface standardization must be designed to support integrated business and data flow.

Configuration management – improving the visibility of configurations, and leveraging this information across the government

Successfully Fielding New Systems

There is more to it than the Software!

Executive Level Commitment and Awareness Is Mandatory

Business Needs Should Drive Technology Choices

Strong Project Management Is Required

Business Process Reengineering/Change Management Is a Must

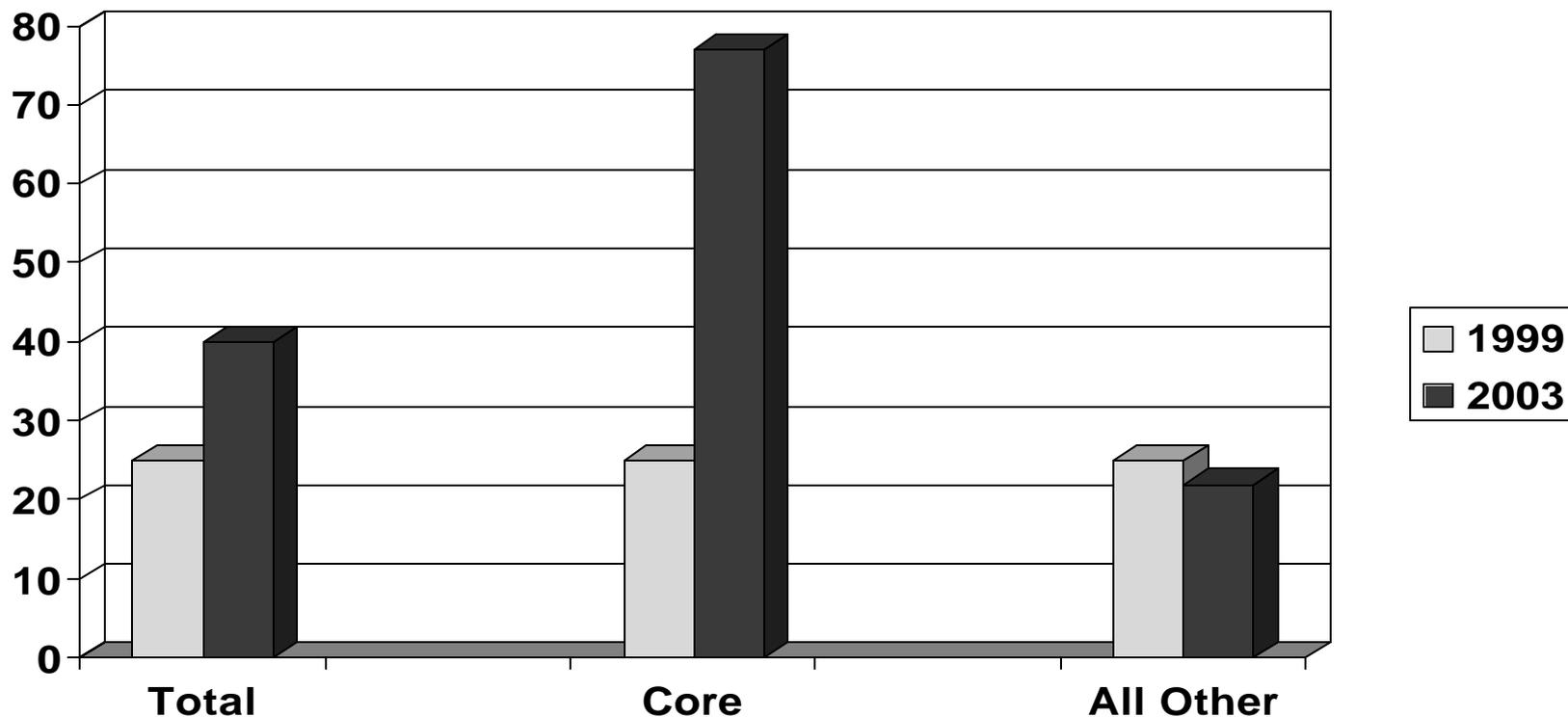
Involve All Stakeholders

Clean Up Data Before Converting

Don't Modify COTS Unless Absolutely Necessary

Independent Oversight and Performance Measurement Is Necessary

Percentage of Civilian Agency Federal Financial Management Systems in Development That Rely on “Pure” COTS, 1999 and 2003



Source: OMB, Financial Management System Inventory, 40 financial management systems were in development in 1999 and in 2003; 8 were Core in 1999; 13 were Core in 2003.

Human Capital Issues

Use of FM core competencies for GoLearn.gov

Project Managers Implementing FMS (2001)

Financial Managers (1999)

Budget Analysts (1999)

Accountants (1999)

Mgmt Analysts and Financial Specialists (1998)

IT Personnel Implementing FMS (1998)

Financial System Analysts (1998)

In FM for Program Managers (1997)

Exploring how to update core competencies

OUTREACH: Education and Sharing in the Federal Financial Management Community

JFMIP News

Annual Report

Executive Forums

Annual Conference

Open House Forums

Online Federal Financial Managers Database

www.jfmip.gov

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Contact Information

- Website: www.jfmip.gov
- Phone: (202) 219-0526