

Financial System Modernization Project (FSMP) Overview and Topics of Interest

May 2010

OEI National Conference

For Conference Purposes Only



FSMP Overview Agenda

- Introduction
- FSMP Project Overview
- Project Organization
- OMB TechStat Lessons Learned
- Current and Upcoming Activities
- Risks
- BPR Improvements
- Roadblocks
- Wrap-Up



Project Overview

Intent and Purpose

- Replace EPA's legacy core accounting and financial system and subsystems with an integrated system based on modern, state of the art technology by *October 2011*
- Improve EPA's ability to lower administrative costs, streamline operations, and deliver results
- Align new system with OMB's Financial Management Line of Business (FMLoB)
- Build system with OMB-approved commercial-off-the-shelf (COTS) software



Project Overview – Goals

- Improve interoperability of core financial and subsidiary systems and strengthen internal controls
- Standardize business processes and data elements
- Leverage shared services, joint procurements, consolidation, and other mechanisms to improve business processes and achieve cost savings in the acquisition, implementation, and operation of the core financial management system
- Promote seamless data exchange between federal agencies



Project Overview

Objectives

Objective	Sub-Objectives
Improve Financial Service Delivery to the Customer	<ul style="list-style-type: none">• Create easy-to-find points of access to government services for citizens• Minimize IT investment redundancy• Maximize IT integration and interoperability• Develop financial management solutions that deliver high-quality financial information and reports• Offer common administrative services to achieve efficiencies and reduce cost• Support government-wide efforts to manage grant funds online• Support government-wide electronic business processes, such as e-procurement• Reengineer reporting processes around web-based technologies
Maintain a Secure Financial System Environment	<ul style="list-style-type: none">• Comply with current federal requirements, including NIST standards, e-authentication, and other initiatives• Integrate cost-effective security into government information systems



Project Overview

Objectives

Objective	Sub-Objectives
Align with OMB FM LoB	<ul style="list-style-type: none">•Enhance process improvements•Achieve cost savings•Standardize business processes and data models•Promote seamless data exchange between Federal agencies•Strengthen internal controls
Improve Financial Performance	<ul style="list-style-type: none">•Automate internal processes•Continue to support compliance with federal laws and regulations•Streamline financial transactions and reengineer processes•Continue to expand the use of web-based technologies•Manage federal government obligations more effectively by improving debt collection practices•Continue to provide timely quarterly financial statements•Continue to meet accelerated end of year reporting requirements•Measure system compliance through the ability to meet OMB and Treasury requirements



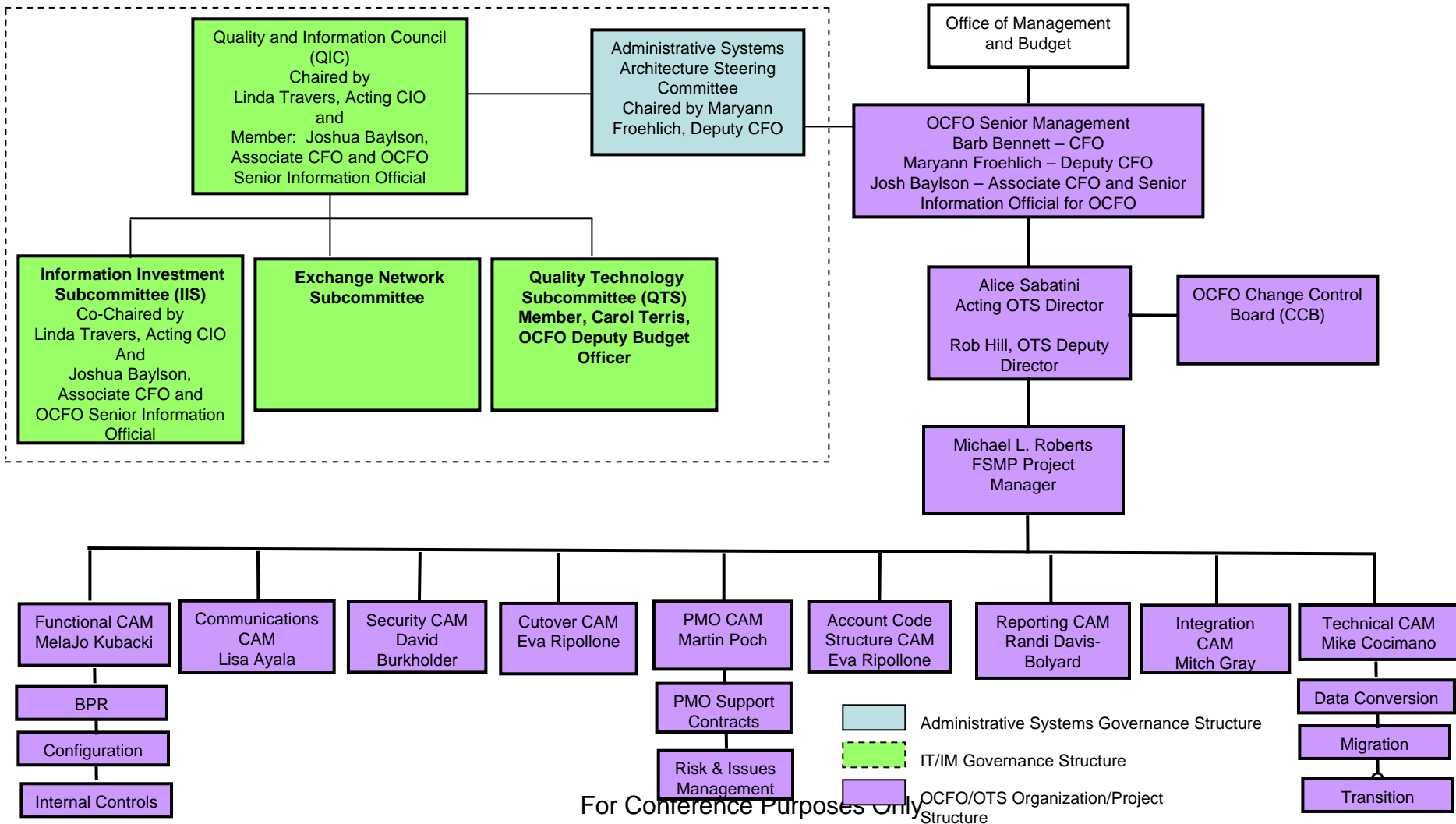
Project Overview

Objectives

Objective	Sub-Objectives
Improve Financial Accountability	<ul style="list-style-type: none">•Support sound accounting standards that provide consistent and reliable information for financial statements•Continue to prepare annual financial statements and obtain "clean" unqualified opinions•Continue to require comparative financial statements•Continue to report specific financial performance measurements
Improve Performance and Budget Integration	<ul style="list-style-type: none">•Support the integration of program performance review with program budget decisions and the production of performance based budgeting•Support the identification and monitoring of high quality performance measures and outcome measures of programs and provide support for competitive sourcing initiatives•Integrate financial and performance information



Project Organization and Governance



For Conference Purposes Only

Administrative Systems Governance Structure
IT/IM Governance Structure
OCFO/OTS Organization/Project Structure



OMB TechStat Meeting Background

- Accountability session designed to review IT project data through the lens of the IT Dashboard
- Meetings conducted by Federal CIO at OMB with participation by agency CIOs
- Reviews business case, risk mitigation, program management, and investment performance
- OMB is encouraging agencies to conduct their own TechStat-styled project evaluations



FSMP TechStat Review

Lessons Learned

- Examine project's IT Dashboard presence to ensure accuracy and be prepared to discuss how it should be changed to reflect a re-baselined project.
 - Look for missing or inaccurate cost and performance data
 - Ensure Agency-provided planned and actual schedule information is properly displayed
- Revise your business case narrative to demonstrate the project has moved from modernization to transformation.
 - OMB is interested in transformation and will be interested in learning why and how a project has changed.
 - Be able to explain anticipated benefits that will be derived from the new strategy.
 - Include your cost/benefit analysis to quantify the savings that will accrue to the agency (costs avoided or actual savings associated with maintenance costs or less contracting officer FTE)



FSMP TechStat Review

Lessons Learned (Continued)

- Implement appropriate Program Management activities
- Implement appropriate project Risk/Issue Management program
- Be able to identify project governance – including the CIO's role
- Establish collaborative relationship with OMB

Project Status Report

EPA Financial Systems Modernization Project												April 30, 2010	
*Overall Project Health:	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	
Project Status and Risk Project Status: <ul style="list-style-type: none"> Schedule: Yellow - The overall schedule from the original baseline is 1 year behind, however the revised schedule in process will adjust the dates to October 2011 and the current project is on schedule for this date – Upon OMB Approval this will be green Scope: Yellow – The overall scope is yellow because the requirements which have changed have not been approved by the CCB – May 6 Resources: Yellow – Several outstanding PAVE requests still exist and resourcing is a continuing challenge Budget: Yellow – OMB Approval for Rebaseline needed Risks (Details on Risk, Mitigation and Contingency Plan available upon request) <ul style="list-style-type: none"> User Acceptance Test Incorporating Labor & Distribution into Momentum Cut Over (Analysis, definition and timing) Stakeholder Acceptance Impact of ACS Changes on non-interfaced systems not being resourced Momentum Licenses not resourced or acquired (Additional) Superfund Data Conversion 						Accomplishments Project accomplishments from the past month <ul style="list-style-type: none"> Updated Requirements in process for CCB Approval (6 May) <ul style="list-style-type: none"> Additional Review requested prior to CCB Revised Migration Strategy System Configuration Guides completed for Accounts Receivable, Budget Execution, Project Cost, Property, Cost Allocation, Application Security and General. Integration Test Scripts for FPS and GPAS finalized Group 1 Report of Test Results Crosswalk Engine Module Test Results completed Planned accomplishments for the upcoming month <ul style="list-style-type: none"> Management Approvals for BPR Approval of the Communication Action Plan Integration Forum (May 25 & 26) CCB Approval of Updated Requirements Baseline (6 May) System Configuration Guide for General Ledger (May) 							
Milestones and Decision Points Upcoming milestones <ul style="list-style-type: none"> BPR Management Approvals - May Cutover Analysis Activities - In Process Continue working through Configuration Tasks - May BPR Road blocks Review & Approval Enhancement requests prepared for May CCB Training Strategy Kick Off 3rd Party Security Risk Assessment Decision points or control gates for project <ul style="list-style-type: none"> Agreed Upon System Configuration OMB Review of Revised Project Plan Change Control Board Review of Updated Requirements Change Control Board Review of Enhancements - June FSMP Check Point 1 (25 June) 						Monthly Activities and Issues Completed activities this past month: <ul style="list-style-type: none"> IIS Approval of Baseline Schedule & Budget Presented to OIG Conference Analysis of Momentum Release completed Upcoming Activities <ul style="list-style-type: none"> Communication Action Plan Baseline Project Schedule & Budget to OMB Finalize Test Plan Approval Updated Requirements Submission for CCB Approval (6 May) Distribution of Quarterly Resource Demands Bulleted List of Issues <ul style="list-style-type: none"> Several Key Activities behind schedule <ul style="list-style-type: none"> Test Plan – (May) ACS Crosswalk and System Security Plan – (June) OEI Review and Approval of security documents – In Process Management Approval of BPR Deliverables – May NCC to PDC Connectivity and TIC Implementation 							

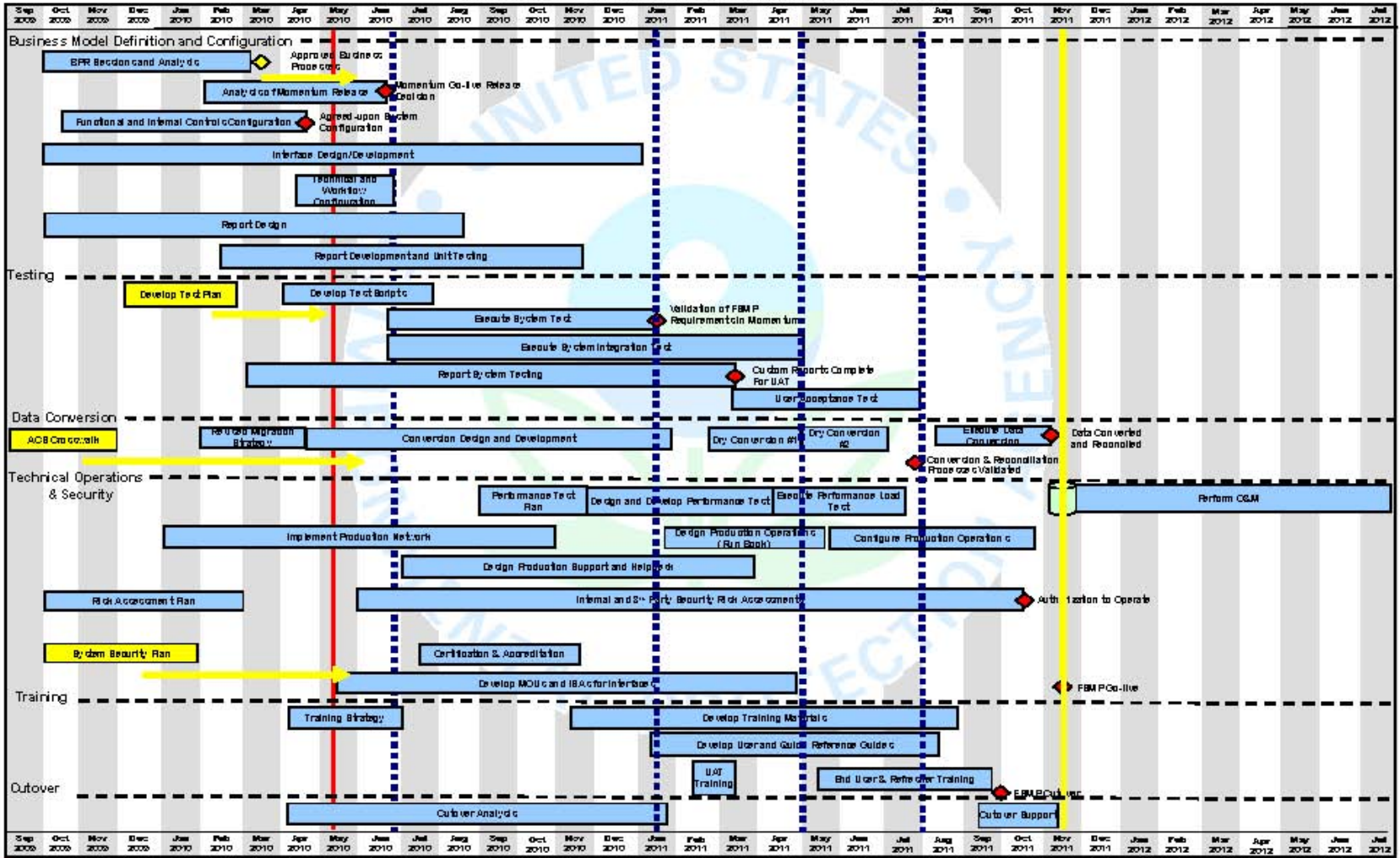
 On Track
  Moderate Issues
  Serious Issues
  No Data

Note: Project Health represents the combined health of the items listed in Project Status.

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EPA FSMP Implementation Road Map




As of April 30, 2010



Major Project Risks

- Source system interfaces and incorporating the new Account Code Structure
 - Impact – Potential delays in integration testing and dependent tasks
 - Mitigation – Developed detailed steps and schedule for negotiating agreements with each of the source system owners
- Funding shortfall
 - Impact – Inability to complete work as scheduled
 - Mitigation – Examined costs and adjusted scope/schedule to address reductions in budget resources
- Interdependency with other system efforts
 - Impact – FSMP is dependent on other agency projects (e.g. Acquisition System) being completed, other agency projects (e.g. Grants and Human Resources) are dependent on FSMP deployment
 - Mitigation – Developed contingency plans for dependent systems
- Cut over period
 - Impact – Potential business interruption
 - Mitigation – Initiated the development of a detailed business plan for the cut over period with stakeholder involvement
- Incorporating Labor Distribution in Momentum
 - Impact – Increase in FSMP Scope, reduction in OCFO IT portfolio aggregate cost
 - Mitigation – Initiated an assessment of options, to be followed by the development of a detailed implementation plan and assessment of cost and schedule impacts



What was accomplished during BPR?

Conducted BPR sessions between October 2009 and February 2010

Process Maps	Represent steps and functions performed by EPA to support financial management activities, including Internal Controls and Requirements.
Narratives	Correspond and provide support for each of the processes depicted on the Process Maps.
Requirements Traceability Matrix	Links requirements to the Process Map steps.
Risk Control Matrix	Describes risks and objectives of the Internal Controls.
FMLoB Compliance Matrix	Describes Compliance or Non Compliance of each Process Map to FMLoB guidance.
Improvements and Significant Changes	Documents changes resulting from the new processes developed.



BPR Benefits/Improvements

- Established standard business processes across the Agency
- Added electronic system approvals and review electronic supporting documentation
- Automated processes and system updates resulting in streamlined steps
- Added ability to analyze results of automated processes instead of developing reports and keying data
- Improves access to data for reporting needs and tracking
- Improves ability to proactively manage and track spending
- Reduced data entry resulting increased timeliness
- Reduced paper consumption and storage needs
- Improves data consistency and integrity
- Complies with Common Govt-wide Account Code Structure
- Supports Centralized Data and Reporting



FSMP Configuration Roadblocks

Functional Area	Roadblock	Status/Action
Managing Reimbursable Agreements	Need to incorporate ability of interfacing systems to capture and pass reimbursable agreement tracking number which will allow for comprehensive reimbursable information in one place.	<ul style="list-style-type: none"> •Developing options and risks for review and approval •<u>Action</u>: Review and approve recommended option for incorporating comprehensive information in one place vs. current manual process.
Vendor/Customer Repository – CCR	Need one repository for all CCR information.	<ul style="list-style-type: none"> •Meeting planned with system owners to define requirements. •<u>Action</u>: Do you agree with approach and who are your resources to support approach?
Managing Budgets at Lower Levels – Planning Module	Need enhancement to import/export data and audit trail of transactions.	<ul style="list-style-type: none"> •Developing CCB documents for approval •<u>Action</u>: Will your office use the Planning Module?
Momentum and EAS Integration	Redundancies exist between Momentum and EAS. Need to leverage best features of both systems for optimal solution.	<ul style="list-style-type: none"> •BPR meetings underway and working with EAS Integration Team to document all necessary integration points. •<u>Future Action</u>: Review and approval of new process.
Working Capital Fund Allocation Methods	<p>Momentum has one method:</p> <ul style="list-style-type: none"> •Equal distribution to all lines <p>Stakeholders have identified the need for two additional methods:</p> <ul style="list-style-type: none"> •First in/first out •Oldest money first 	<ul style="list-style-type: none"> •Developing options for CCB approval •<u>Action</u>: Does your office use or have a need for two methods? •First in/first out •Oldest money first



Wrap Up and Key Project Points of Contact

- Alice Sabatini, OTS Office Director, (sabatini.alice@epa.gov)
 - Executive Level Point of Contact
- Robert Hill, OTS Deputy Director, (hill.robert@epa.gov)
 - Executive Level Point of Contact
- Michael L. Roberts, FSMP Project Manager, (roberts.michaell@epa.gov)
 - Overall project related issues
- MelaJo Kubacki, Business Support Staff Director, (kubacki.melajo@epa.gov)
 - BPR, Configuration, Internal Controls, Communications
- Eva Ripollone, Applications Management Staff Director, (ripollone.eva@epa.gov)
 - Data Conversion, Migration, Transition, Cutover, Account Codes