

BUDGET LETTER

SUBJECT: RESTRICTION ON DEVELOPING FINANCIAL AND ADMINISTRATIVE INFORMATION TECHNOLOGY SYSTEMS	NUMBER: BL 19-33
REFERENCES: GOVERNMENT CODE SECTIONS 13070 and 11860 SAM SECTION 7260	DATE ISSUED: December 2, 2019
	SUPERSEDES: BL 08-05

TO: Agency Secretaries
Agency Information Officers
Department Directors
Department Chief Information Officers
Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) reminds departments of the statewide restriction on acquiring, designing, developing, enhancing, expanding, or updating any departmental financial and administrative information technology (IT) systems or services that duplicate the functionality available in the Financial Information System for California (FI\$Cal).

FI\$Cal is the state's integrated financial and administrative IT system that supports accounting, budgeting, cash management, and procurement functions. FI\$Cal is a statewide enterprise resource planning system that maximizes efficiency in the state's business, implements best practices, limits the number of duplicative systems, provides the ability to produce statewide reports and analysis, and standardizes the state's business processes.

Restriction on Developing Financial and Administrative IT Systems

Departments are prohibited from designing, developing, or acquiring any new financial and administrative IT systems, or enhancing, expanding, upgrading, or updating a financial and administrative IT system that will duplicate the functionality in FI\$Cal without prior approval from the California Department of Technology (CDT). Additional funds will not be provided, nor may existing funds be redirected for this purpose. The purpose of this restriction is to eliminate, to the extent possible, duplicative department-specific financial and administrative IT systems, provide better control over state business costs, maximize the use of FI\$Cal as the statewide financial and administrative IT system, and limit the number of interfaces that must be developed and maintained. Advance approval is required for any department that will:

1. Contract to design, develop, acquire, or implement a new financial and administrative IT system, or to modify, enhance, change, reconfigure, or upgrade an existing financial and administrative IT system.
2. Contract to procure hardware or software to modify, expand, change, enhance, or upgrade a financial and administrative IT system.

The Department of Finance, the State Controller's Office, the State Treasurer's Office, and the Department of General Services formed a cooperative partnership to develop, implement and utilize FI\$Cal, which has replaced the California State Accounting and Reporting System, and other decentralized department-specific legacy accounting and financial reporting systems. The Department of FI\$Cal is responsible for implementing, onboarding, upgrading, and providing operational support for the system.

FI\$Cal provides the financial, administrative, and business functionality needed by departments. Except for specified deferred and exempt entities, all departments are required to use FI\$Cal. The deferred entities are not required to use the full functionality in FI\$Cal until their existing systems become outdated or require upgrade. However, all the deferred and exempt entities must exchange necessary information with FI\$Cal for specified purposes, such as budget development, contract and procurement reporting, and annual financial reporting.

[State Administrative Manual \(SAM\) section 7260](#) prohibits the implementation of automated financial and administrative IT systems without prior approval from CDT. This BL is issued to remind state entities of the restrictions contained in SAM section 7260.

The broad functional areas in FI\$Cal are listed below:

- Accounting
- Asset Accounting
- Budgeting
- Cash Management
- Cost Accounting
- Financial Reporting
- Grant Management
- Procurement
- Project Cost Management

For a description of the FI\$Cal business functionality, see <https://fiscal.ca.gov/library/reports/> or contact the FI\$Cal Change Management Office at fiscal.cmo@fiscal.ca.gov for additional information regarding FI\$Cal functionality.

Procedure for Requesting Exemption

Departments are encouraged to maximize the functionality in FI\$Cal for their daily operations. However, a department with a critical business need that cannot be met by FI\$Cal may submit a request seeking exemption from SAM section 7260 after consulting with the Department of FI\$Cal, to ensure an exemption is needed. The written request should be submitted to CDT at ProjectOversight@state.ca.gov, and must include the minimum information required in SAM section 7260. CDT will coordinate the review of request for exemption with Finance, Department of FI\$Cal, and other partner agencies if necessary, before responding to the requesting department. It is the intent of the partner agencies and CDT to limit the number of approvals for implementation of duplicative financial and administrative IT systems. Any exemption approvals will be granted on a case-by-case basis.

Funding

It will be the requesting department's responsibility to request funding through the normal budget process should a request for exemption be approved. Departments cannot use their delegated authority to implement duplicative financial and administrative IT systems.

If you have any questions, please contact CDT at ProjectOversight@state.ca.gov or call (916) 431-5390.

/s/ Richard Gillihan

RICHARD GILLIHAN
Chief Operating Officer

/s/ Amy Tong

AMY TONG
State Chief Information Officer