Introduction

The current CMS operational model (2008-09) cannot be effectively and affordably maintained. It is unnecessarily costly to maintain twenty four versions of software that provide essentially the same service to each of the CSU campuses and the Chancellor’s Office. This is particularly true for the Finance and Human Resources applications. Each campus is currently required to maintain and upgrade its version with individual campus costs for a single upgrade ranging up to the millions of dollars. The cost of data center services is greater because each campus version requires individual maintenance. Many small campuses are unable to afford the local development required to realize the feature improvements available to larger campuses. The variation in campus versions and practices makes central reporting more costly and cumbersome and limits the comparability of campuses within the system. Large or increasing expenditures to maintain the current model, usurp funding that could be better spent in other areas more central to the University’s mission, such as academic technology. It is more difficult and costly to assure information security in the current environment where each campus must provide for security services. Accessibility is more difficult and costly and more likely to be a problem when each campus must provide accessibility measures. There is not consistent nor sufficient reporting and analytic capability in the currently delivered product. To begin addressing these problems of cost, resources, reporting, security, accessibility, and to improve and maintain efficiency and effectiveness of the CMS applications, the CMS Executive Committee recommended the development and implementation of a Common Financial System (CFS). The Technology Steering Committee (TSC) and the CSU Chief Administrators and Business Officials (CABO) accepted the recommendation, and the Common Financial System Advisory Committee was established. After a comprehensive review, the Committee confirmed that implementing a common financial system in the CSU was both feasible and desirable. The following questions and answers are intended to provide an overview of the rationale, goals, and implementation strategy for the project.

Question: What is a common financial system?

Answer: While the CSU campuses are using a common financial application, PeopleSoft Financials, they are not currently using a common financial system. Campuses have made a variety of campus-specific modifications to the CSU baseline. A common financial system for the CSU includes use of the same baseline application and the same baseline modifications on all campuses. A common financial system facilitates common business processes across the CSU. While the CSU implementation of a common financial system will not include a completely common chart of accounts, a common financial system will include more consistent application of the CSU’s current chart of account practices and expanded common data elements or mapping to those elements.

Question: Why does the CSU need a Common Financial System?

Answer: There are several reasons why the CSU needs a Common Financial System:

- **The current CMS model is not sustainable** - The cost of developing and maintaining individual campus modifications to the system, the increasing cost of individual campus upgrades due to those modifications, and the increasing cost of maintaining separate production and development databases for each campus make the system more and more unaffordable even in the best of economic times. A more affordable solution needs to be implemented.

- **Timely adoption of best practices** - A common financial system will facilitate the timely adoption of best business practices across all campuses. In the current model, campuses must often develop and implement
new practices independently and at campus expense. With a common financial system, improvements can be developed once and made immediately available to all campuses.

- **Common financial model and reporting** - A common financial system will enable adoption of a more common financial model and will enable the CSU to implement a comprehensive financial reporting system both as a system and on campuses. The addition of a system wide data warehouse will provide reporting that can be tailored to campus and central needs as well as to various constituencies and levels such as presidents, vice presidents, deans, or departments.

- **Robust feature-rich financial system** - A common financial system will provide all campuses with a robust, feature-rich financial system.

- **More economical maintenance and enhancement** - A common financial system will provide all campuses, regardless of their size, with more economical maintenance and enhancement of the system.

**Question:** How will a CSU Common Financial System address current university business challenges?

**Answer:** There are a number of business challenges that the CFS can help address. A common financial system will:

- **Improve common practices** - Facilitate implementation of common best practices on all campuses. Selecting “best of breed” campus modifications to include in the baseline application will enable each campus to implement that modification or practice without the cost of campus development and maintenance.

- **Reduce upgrade costs** - Simplify and shorten the typical financial system upgrade process – The current model requires CMS Central to manage 23 separate campus and CO upgrades. The CFS will enable us to upgrade the Finance application one time – not 24.

- **Improve financial reporting** - Deliver a financial reporting solution via a data warehouse – A financial data warehouse will enable campuses to maintain their flexibility through financial reporting and achieve a corporate financial reporting system for the Chancellor’s Office.

- **Enhance training opportunities** – Training documentation will be created centrally for use by campuses. Campuses also will have the ability to modify the documentation for their specific campus training needs.

- **Improve operational and financial internal controls** – Consolidation of financial systems and data enable management to more effectively mitigate risks and provide assurance that legal and regulatory priorities are appropriately and consistently addressed. Information technology administrators, as well as data owners, will be in a position to more clearly understand and monitor the overall control environment.

- **Enhance information security controls** - Consolidated monitoring and maintenance of data files, application processes, and security administration procedures improves control over the authorization and segregation of duties as they can be overseen and controlled with a single set of governing controls and standards.

- **Improve outcomes of financial and performance reviews and audits** – Evaluations of the efficiency and effectiveness of operations and systems of internal controls will significantly benefit from common practices and consistently applied internal controls.

**Question:** Will adoption of the CFS result in a more efficient and effective use of resources?

**Answer:** The investment in a common financial system will assure more efficient and effective use of resources. Current levels of expenditures for CMS upgrades and annual operating costs will be either reduced or reassigned through the repurposing of employee workload. It is estimated the CSU will realize upgrade cost avoidance and savings of $6.6 million per upgrade (approximately every 4 years) and enable the repurposing of personnel at the campuses. The cost of system wide audits will be reduced by eliminating the need for auditors to learn a new system on each campus. A more common system will also reduce the risk of security breaches and the consequent costs.
**Question:** What are the CFS Implementation Costs?

**Answer:** The costs involve staff time, consultants, software, hardware, and data center services. The campuses will be expected to absorb the staff time within existing resources. The preliminary estimates of the cost of consultants, hardware and software to implement the CFS and establish a central data warehouse are less than $3.5 million and will be covered by the central ITS budget.

**Question:** What is the Cost of Doing Nothing?

**Answer:** The cost of maintaining and upgrading the current system will exceed the cost of implementing a common financial system over the next four years. Smaller campuses will continue to struggle to maintain and enhance the campus financial system and will be unable to take advantage of a robust feature rich financial system currently available on some larger campuses. Without the CFS, campuses will continue to modify the system, which inhibits the adoption of best business practices across all campuses. Potential savings from a common financial system will be lost and both central and campus expenses related to application modifications will continue to grow. The cost of data center services is driven by the complexity of the environment it supports. For the CSU, this complexity is primarily driven by separate campus production and development database instances. Doing nothing will allow a continued increase in data center costs due to ongoing growth in complexity. The estimated increase in cost to maintain the current system over the next four years is over $5.7 million.

**Question:** What is the likely impact on a campus?

**Answer:**

- **Business Processes** – Aligning the business processes with the developed best practices of the common system may be the primary impact. The amount of change required and the cost of that change will depend upon the similarity of the current campus application with the new CFS application. Frequent communication from the Design Team will provide campuses with early information on business process changes thereby providing campuses the maximum time to make necessary changes.

- **Financial Reporting** – Within the current parameters, campuses will retain flexibility in financial reporting. Campuses will also acquire a financial data warehouse.

- **Modification Governance** – Modifications will require campuses to justify the need for a modification and submit a request to the CFS Advisory Group, and CABO. CABO will forward the request to the Executive Vice Chancellor for final approval.

- **Chart of Accounts** – The current California State University chart of accounts structure is designed to accommodate the operational requirements of CSU campuses as well as the reporting requirements of the campuses, the Chancellor’s Office and the State of California. There will be some change to the current Chart of Accounts structure but campuses will still have flexibility to reflect campus variations through the Chart of Accounts. To facilitate comparative reporting among campuses at desired levels of detail. Two major changes will be made to current practices. First, all campuses will be required to use each chart field as originally defined by the CSU. Second, to facilitate comparison of like departments, a generic set of CSU departments will be defined. Campuses will be required to map their unique campus values to the generic value that “fits best” but will not be required to change the current campus chart of accounts.

- **Security** – Security set-up, design, implementation, and administration will be centrally managed and fully supported compared to the current campus-based security service model. Campus staff will still be involved in determining access levels for individuals.
**Question:** When will we implement the CFS?

**Answer:** Implementation will commence immediately. The implementation (go-live) date has been targeted for the beginning of a fiscal year. Given development requirements and campus implementation readiness, the committee has established a target implementation date of July 2010 for all campuses with common baseline design and development beginning in February 2009. Implementation will be simultaneous for all campuses at the beginning of the 2010 fiscal year. The committee is establishing review points throughout the development plan to verify the project timeline as development progresses. If for some reason, the July 2010 target is unattainable, then the next implementation target would move to the July 2011.

**Question:** Who is leading the Common Financial System (CFS) project?

**Answer:** The CFS project is being approached from a business perspective as opposed to a technological perspective. Consequently, CABO chartered a Common Financial System Advisory Group that includes representatives from several key stakeholder groups in finance across the CSU. CABO selected the core CABO members of the committee who in turn selected the stakeholder representatives based on their experience and expertise in finance in the CSU:

- **CABO** – Shawn Bibb (CSUEB), Joanne Coville (CSUCI), Rose Lee (SJSU), Larry Furukawa-Schlereth (SSU), Mary Stephens (CSULB)
- **ITAC** – Amir Dabirian (CSUF), Debra Brum (CPP)
- **Financial Officers Association (FOA)** – Letitia Coate (CSUS), Becka Paulsen (SJSU)
- **CMS Campus Directors** – John Briar (FSU), Jason Wenrick (SSU)
- **Financial Users Group (FUG)** – Debbie Brothwell (SLO)
- **CO** – Colleen Nickles, Rodney Rideau, CMS Staff.

**Question:** Who is designing the Common Financial System (CFS)?

**Answer:** A team of CMS finance experts is creating the CFS design across the CSU that has been selected by the CFS Advisory Committee for their expertise and understanding of finance operations in the CSU.

The CFS Design Committee will lead the design effort and will reach out to experts from various specialties across the CSU. The Design Team will also enlist the assistance of CSU audit staff to provide consulting on audit impacts and needs in a finance system. Outside consulting will also be engaged to provide expert technical and functional guidance and development assistance.

**Question:** How will the Common Financial System (CFS) be designed?

**Answer:** To expedite the design and development process, the CFS design team will start with an existing campus application. The team will then identify modifications that should be kept from that campus and modifications that should be added from other campuses to establish the desired robust common baseline to implement for all campuses.

**Question:** How will campuses provide input to the design and development?

**Answer:** In addition to a variety of opportunities for campus involvement with the design team and the development team, campus staff will have ongoing opportunities to provide input through frequent webcasts and open forums. Currently, the Design Team anticipates biweekly online forums.