

# Accounts Payable and Financial System Implementation Status

Finance, Audit and Accountability

March 27, 2006

# Background

- In 1985, the City implemented AMS Advantage 2 Financial System for General Ledger, Accounts Payable, Purchasing, Fixed Assets, Cost Accounting and Budget Monitoring
- Ran on mainframe system with customized operating system (MVS)
- Primary support and maintenance provided by CIS staff
- City was informed in 2002 the vendor, CGI-AMS, would only support their new release called Advantage 3 in the future

# Background

- Options to replace the system
  - Upgrade the current system
  - Purchase a new system
- An analysis of the options showed upgrading the old system had the best benefit
- The Council's Finance and Audit Committee was briefed regarding a recommendation to upgrade the system.
- On November 10, 2004, the City Council approved a contract for the upgrade of the financial system

# Background

## Benefits to upgrading to Advantage 3

- Graphical user interface provides a shorter learning curve for new users compared to the previous system
- Web-based system provides easier transfer of data to and from other web-based applications
- City users are already familiar with terminology
- Migration from the previous system did not require major changes to the current account structure
- Addition of new chart of account fields improves reporting capabilities
- Opportunity to implement tighter controls for budget, encumbrances and payables

# Background

- Implementation of the system started October, 2004
- The system went “live” October 1, 2005
- The system included all the financial activities
  - Accounts Payable
  - Accounts Receivable
  - Purchasing
  - Fixed Assets
  - Cost Accounting
  - Budget
  - Security
  - Financial Reporting

# Implementation Process

- Assigned Team Leads and supporting staff to each of the financial activities
- Documented current procedures
- Tested procedures in Advantage 3

# Implementation Process

- Provided training to users
  - 40 Introduction & Navigation sessions attended by 587 staff
  - 24 Payment Processing sessions attended by 257 staff
  - 31 Purchasing sessions attended by 315 staff
  - 8 Budgeting sessions attended by 125 staff
  - 16 Transfers & Corrections sessions attended by 194 staff
  - 11 Revenue Processing sessions attended by 172 staff
  - 2 Accounts Receivable sessions attended by 19 staff
  - 14 Fixed Asset sessions attended by 142 staff
- Users were instructed to enter sample data to ensure transactions were handled properly
- All components were implemented October 1

# Improved Accountability

- Requires a 3-way match between purchase order, receiver and invoice, and verifies price and quantity
- Master Agreements/Contracts are required to be set up and encumbered based on awarded amounts
  - No deviation from authorized contract pricing for increased accountability
- Tracks document modifications by creating historical documents to provide an audit trail
- Document approval through electronic worklist
- Improvements made to ensure proper classification of fixed assets



# Vendor Payment/Accounts Payable System

- The upgrade to Advantage 3 included the enhancement of the vendor payment/accounts payable system
- The new system includes enhanced financial controls and accountability the old version did not have

# Accounts Payable Implementation Challenges

- Tighter controls caused delays in paying vendors
- Invoices for payments pending on September 30, 2005 were delayed when converted to the new system
- We could not use the accounts payable system for 2.5 days during system conversion
- Vendor-related software errors
- Uneven department-level training
- Initially, there were slow system response times

# Steps Taken to Improve the System

- Staff worked overtime to bring outstanding invoices in the centralized Accounts Payable Division current
- One-on-one training was provided to Departments
- Weekly meetings are held with OFS, CIS and CGI-AMS
- Hosted accounts payable forum and discussion to determine department needs (February 27)
- Distributed survey to all users requesting feedback on problems in order to schedule future training
- Conducted advanced training on researching payment problems (March 8 and March 24)
- Revised accounts payable procedures to improve efficiency
- Distributing City-wide e-mail tips on eliminating common procedural problems in Advantage 3
- Installed system patches to resolve several issues
- Improved process for reporting issues to CGI-AMS
- Set up an Accounts Payable help desk

# Current Accounts Payable Status

Timeliness of vendor payments has improved since November:

<b>Count Date</b>	<b>Number of Invoices to Enter</b>	<b>Number of Invoices Pending Approval</b>	<b>Number of Invoices Pending Additional Research</b>
November 30, 2005	3,934	720	637
December 30, 2005	2,010	1,224	356
January 27, 2006	344	428	486
February 24, 2006	535	465	569
March 21, 2006	429	* 1,165	391
Target	600	600	0

\* Includes 797 invoices received the previous business day.

# Current Status

- Generally, we are now paying vendors timely
- We have greatly reduced the number of unpaid invoices and we are getting closer to our target
- Additional improvements are being pursued

# Next Steps

- **Advanced Training**
  - Train users on producing reports
  - Additional training to assist departments in researching problems, such as unpaid invoices
  - Correcting data entry errors
- **Improved Communication with Departments**
  - Provide useful reports to departments to identify potential problems
  - Improve communication with departments regarding specific errors to aid in problem resolution and to prevent future occurrences

# Next Steps

- New-hire Training
  - Review online training material
  - Work with departments to determine need for (and frequency of) hands-on training
- Improve Department Efficiencies
  - Perform onsite review of sample departments to evaluate best practices
  - Review all revised department control procedures
  - Recommend changes to department procedures based on best practices to improve efficiencies

# Next Steps

- Identify system issues
  - Encourage staff to contact CGI Help Desk with problems and questions
  - Maintain communication with other cities using Advantage 3 to identify potential future problems based on their experience with the system
- Improve Customer Service
  - Modify remittance advice to assist vendors in properly applying payments
  - Consider adding customer service representatives to receive calls from vendors and research unpaid invoices



# Appendix

- Key Prior Actions/Briefings
- Life Cycle of a Purchase

# Key Prior Actions/Briefings

- November 24, 2003 – Briefed Finance and Audit Committee on Advantage Financial Upgrade Technical Assessment
- December 8, 2003 – City Council approved contract for the assessment of the requirements needed to upgrade the financial system
- April 2004 – Assessment was completed
- June 23, 2004 – Briefed Finance and Audit Committee on the completion of the first phase of the project and plans to move forward
- November 10, 2004 – City Council approved contract with CGI-AMS to upgrade the financial system

# Life Cycle of a Purchase

- Enter requisition to purchase goods
- Approve requisition and create purchase order
- Place an order with vendor
- When goods are received, enter a receiver document in the system
- Vendor invoices should be sent to Accounts Payable Division
- Accounts Payable staff enter and approve invoice document
- System matches the purchase order, receiver and invoice; verifies price and quantity information prior to generating payment document
- Check is prepared from the matched payment document