Monterey County

Board of Supervisors
168 W. Alisal St., 1st Floor
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Board Report

Legistar File Number: 19-0485

June 25, 2019

Introduced: 6/12/2019		**Current Status:**	Scheduled AM
Version: 1		**Matter Type:**	General Agenda Item

a. Receive a report from the Auditor-Controller regarding the need for an additional ERP Business Analyst position in the Auditor-Controller's Office for FY2019-20; and
b. Provide direction to staff.

RECOMMENDATION:
It is recommended that the Board of Supervisors:
a. Receive a report from the Auditor-Controller regarding the need for an additional ERP Business Analyst position in the Auditor-Controller's Office for FY2019-20; and
b. Provide direction to staff.

SUMMARY
During the Budget Hearing on June 3, 2019, the Board of Supervisors requested the Auditor-Controller's Office (ACO) and Information Technology Department (ITD) to 1) outline Roles & Responsibilities of the ITD and ACO related to the current operations using the applications of the implemented ERP system , 2) collectively bring forth resource needs related to the requested ERP Business Analyst (ERP BA) position.

An important distinction is made here. The current work of the ERP BAs relates to the running of the County's operations using the business applications of the ERP system. The operational work of the ERP BAs is separate from ERP system implementation or upgrade work

During FY2018-19 Budget build process, the County Administrative Office (CAO) sought to transfer from ACO seven (7) ERP BA positions responsible for the ongoing system support to ITD. ACO management met with both CAO and ITD management to discuss the CAO's transfer proposal. ACO explained to the CAO the important need for the positions to continue to reside in the ACO. ACO described the internal control requirements related to the system's business applications as connected to ACO operations. The ACO was provided four (4) ERP BAs in FY2018-19 budget.

ITD assumed the project manager role as of April 2017, and to this date, the ITD technical team has played an integral role in assisting the sponsor departments (ACO, CAO, HR) in achieving a stable system via leading remaining implementation work and subsequently supporting the operations via providing coordination, prioritization, and oversight of ERP Business Analysts' work. ITD has expertise in project management and delivery, change management, business and enterprise application development/management, system integration and database administration, service management and security across all infrastructure and data. The ERP BAs are business application resources with system expertise in areas such as general ledger, accounts payable/receivable, cash

receipts, procurement, budget systems, position control, benefits administration, time tracking, financial reporting, and payroll among others. The ERP BAs perform a variety of duties to ensure the business applications of the system, function as intended for County's operational continuity. They act as liaison between ITD's technical support staff, ACO, HR, and CAO's functional subject matter experts, and County's end users in order to create business solutions within the Countywide ERP system.

Currently, ACO has four (4) ERP BAs supporting the three modules (business applications) of the system: three (3) support HRM/Payroll module and one (1) supports Financial and Budgeting modules.

DISCUSSION:

During the Budget Hearing on June 3, 2019, the Board of Supervisors requested the ACO and ITD to 1) outline Roles & Responsibilities of the ITD and ACO related to the ERP system, 2) collectively bring forth resource needs related to the requested ERP BA position.

#1 -Roles & Responsibilities of ITD & ACO

ITD, ACO, Human Resources (HR), have been compiling a Roles and Responsibility document to help guide the governance and maintenance of the ERP system. While still a draft, the document lists high-level as well as detailed level division of roles and responsibilities among ACO, ITD, CAO, and HR. The draft document was distributed by ITD for ACO, HR, CAO management team review in April 2019. (Attachments A and B).

#2 -ITD & ACO to collectively bring forth the Resource Needs

ITD's assistance in coordinating ACO, ITD, HR, CAO projects and facilitating prioritization of operational and software patching tasks, has played an instrumental role in supporting the operations. Over the course of this last year ITD has suggested additional automation and/or assuming ERP BAs tasks. ACO welcomes and supports the ITD management team's intentions to automate and improve efficiencies. The proposed efficiencies have not been implemented as a detailed assessment is needed. Meanwhile, operational work back-log and projects negatively impacting the County's operations and posing a risk to operational continuity needs addressing.

Each proposed task will require ITD, ACO teams to conduct planning, analysis, and review in order to transition workload from ACO ERP BA to ITD Programmer Analyst (PA). Moreover, ACO will review for proper internal controls before transition occurs. Maintaining basic level of internal control requires the County to keep only the designated official - Auditor-Controller accountable and responsible for financial data and related processes.

It is important to acknowledge the expertise, roles and responsibilities that lie with each department, along with the ability to assess their resource needs.

The system is large with many capabilities but does not function automatically. Modern ERP systems

are fully integrated applications that provide "seamless" integration, data flow, process and workflow. They typically utilize a single database that has a tightly coupled design to manage complexity, and to provide the functionality needed to support "end-to-end" business solutions. This is the primary advantage of modern ERP systems. Hybrid-ERP systems like CGI Advantage, are not as tightly coupled. The functional integration is disconnected and spread over several databases. This design introduces redundant data, issues with data consistency, and requires significantly more manual intervention to support, manage, and configure. Such business applications require additional on-going support to conduct business, which is provided by ERP BAs working with functional subject matter experts, and ITD PAs. Business applications refers to the three (3) separate modules for human resources/payroll (HRM), financial accounting and reporting (FIN) and financial planning (PB). ACO is responsible for application access control and ultimately the accuracy of the financial data, while ITD is responsible for the security of the data via database management, encryption of data, security patches, etc.

Because of the limitations of the CGI ERP platform, and the lack of a robust 3rd party support network, the Business Analysts provide many of the services that both internal and external stakeholders need by analyzing current business processes, reviewing requirements, designing internal and external interfaces, providing solutions and development recommendations, providing report services, and manage the system configurations needed to address the "ever changing" needs of Monterey County. The support ERP BAs provide also consists of annual operational projects among other tasks. Examples of operational projects are - Modifications to applications in response to MOU changes, federal regulation changes, policy changes or new accounting standards, Open Enrollment set-up, Vacation Buy Back/Cash-out set-up, W-2 Issuance process, 1099 Issuance process, Fiscal-Year close, Calendar year close, annual budget building support, Comprehensive Annual Financial Reporting support, County-wide user support etc.

Additional one-time special operational projects occur routinely. Examples of this year's special projects in HRM/Payroll area include but are not limited to:

- Open enrollment modifications - County moving from five health insurance region/choices to three. This translates to the full-time attention for at least four months of one FTE ERP BA.
- Empower to Nationwide transition - County's Deferred Compensation Program management is switching from Empower to Nationwide. This translates to the full-time attention for at least two months of one additional FTE ERP BA.
- Newly negotiated MOUs typically necessitate modifications that will significantly add to the workload of HRM/Payroll ERP BAs.

County operations continuity is at risk with one ERP BA supporting the County's Financial and Budgeting applications. Efforts to cross-train one of the three ERP BAs supporting HRM/Payroll to create a back-up for FIN/PB have failed due to ongoing operational demands and operational work back-log in both HRM/Payroll and Fin/PB. If the operations are hampered due to software disfunction, the patch testing and installation takes precedence to restore system operations, which has been an added burden, due to less than optimal HRM/Payroll software performance, on existing resources.

Examples of ERP BA work back-log:
- Modifications to overtime calculations and Special Pay from 2016 MOU for S-Unit
- Reconfigure Caps for Deferred Comp to comply with annual IRS deduction limits
- Security set-up to restrict view of confidential employee deduction data
- Configure pay coverage for temporary employees to comply with federal reporting requirement of ACA Affordable Care Act
- Configure garnishment, pre-tax deductions to comply with federal guidelines

Examples of software disfunctions and delayed operations experienced in recent past:
- Two dozen patch sets tested, retested, implemented to correct software 'glitches' relating to HRM/Payroll application.
- Fiscal Year 2018 'hard' close delayed for four months negatively impacting the subsequent annual budget process and Departments' ability to budget
- Delays in 1099 corrections that could be subjected to penalties
- Over $4 million in artificial appropriation shortage for Sheriff's department due to 'glitch' in data transferring from HRM to Financial.

Note that a detailed assessment has not yet been completed to determine which operational routine tasks can be automated or transitioned to ITD staff. With ITD's assistance in creating a resource plan template and compiling upcoming projects and operational tasks, ACO provided the time and effort estimates for BA workload which currently reflects a resource shortage (Attachment C).

OTHER AGENCY INVOLVEMENT:
Meetings and discussions have occurred with ITD management. This report has been reviewed by Human Resources, County Counsel, ITD, and CAO. As of this writing, ITD and ACO management were unable to reach an agreement related to the Business Analyst Resource need. The CAO is unable to recommend without further analysis including structural change recommendations related to the Grand Jury report.

FINANCING:
The cost of one ERP Business Analyst to the Auditor-Controller budget for FY2019-20 is $148,000 (Step 4) and would be an ongoing cost.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:
The recommended action addresses the Board of Supervisors' Administration Strategic Initiative. The recommended action demonstrates the Auditor-Controller's Office commitment to ensure efficient and effective resource management with strong customer orientation, accountability and transparency.

Mark a check to the related Board of Supervisors Strategic Initiatives

__Economic Development
X Administration
__Health & Human Services

__Infrastructure

__Public Safety

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Attachments:

Board Report

Attachment A - Roles and Responsibility Document

Attachment B - RACI Matrix

Attachment C - Time & Effort Analysis