CASE STUDY: LARGE CITY GOVERNMENT

Microsoft Dynamics® replaces municipality’s antiquated financial system

A large metropolitan municipality’s finance department is responsible for safeguarding the fiscal integrity of the city. The department operates through five bureaus: Revenue Collection; Budget and Management Research; Accounting and Payroll Services; Purchases; and Treasury Management.

Background

In 1969, the city implemented a COBOL-based Integrated Financial System (IFS). The system’s advanced age made it difficult to effectively support the business and technology environment and, more importantly, comply with current regulations.

The financial system was a flat-file, paper-intensive, batch-oriented information processing system. Paper documents were prepared in an originating organization and inputted to IFS by personnel in the Bureau of Accounting and Payroll Services. The process required a significant manual effort to assure batch balancing and error correction.

Project

RSM implemented 162 full-user and 1,000 light-user licenses of Microsoft Dynamics® GP business solution as part of its “best of breed” solution.

The firm was selected to deliver on four main objectives with the city judging the success of the project on the basis of the following deliverables:

- Increasing efficiency and effectiveness of business operations
- Providing easy access to real time data
- Allowing for transparency in business processes
- Improving internal and external customer service
- Migrating from a paper-processing environment to an analytical environment
Results

Increasing efficiency and effectiveness of business operations
- Both the procurement process and the invoice approval process are now automated.
- A large number of vendors with more advanced electronic transfer of invoices functions have gone from more than a year of outstanding invoices to being 100 percent current.
- The approval process for invoices has been reduced from 60–plus days to less than six.
- Dynamics GP provided the city with a mechanism to create a meaningful chart of accounts in which segments had the same meaning across agencies.
- Dynamics GP allowed the decentralization of journal entry processing while still enabling the finance department to maintain control.

Providing easy access to real-time data
- Centralized document management system gives authorized city employees access to all documents related to procurement and invoice processing.
- Using Dynamics GP and an add-on F9 reporting tool, the city was able to generate its annually mandated Comprehensive Annual Financial Report (CAFR) a month earlier than previously and set the stage for generating quarterly financial statements for key decision makers in the city.
- Real–time financial data is available to agencies, and there has been a significant reduction in paper usage. Prior to Dynamics GP, each agency had to wait until the month end for its data. Large reports (3–6 inches in width) were then distributed to each agency for review monthly. Using Dynamics GP, agencies—by using Smartlists, GP Reports, and SRS reports—can view this data in real time.
- With an attached electronic copy of each invoice, the city can pull the invoices in real time once a transaction has been paid or posted.

Allowing for transparency in business processes
- The accounting department now has full view of every invoice, including who has it and for how long.
- Statistics now provide insight into areas that require more attention and further improvement, which was impossible to detect in the legacy system.
- The new system provides the functionality to prevent duplicate payments and unauthorized invoices by requiring an approval prior to payment.
- By using the CAFR information from the integrated reporting, the director of finance and city council members gain insight into the pulse of the city’s financial situation and can move funds as needed, rather than scrambling at year end.

Improving internal and external customer service
- Authorized city employees can access all documents related to procurement and invoice processing through a centralized document management system.
- A SharePoint portal transparency site allows constituents access to review payable activities.

Migrating from a paper environment to an analytical environment and ensuring financial controls
- Due to automation, the city is now 100 percent paperless in both the procurement and invoice approval process.
- Implementation of a workflow system seamlessly integrated to Microsoft Dynamics GP gives each agency the ability to customize its own approval process while still adhering to the city’s purchasing and invoice approval guideline.
- Prior to Dynamics GP, each agency had to wait until the month end for real-time access to its data. Large reports (3–6 inches in width) were then distributed to each agency for review monthly. Using Dynamics GP, agencies can use GP reports, Smartlists and SRS reports to view this data in real time.
- Invoices are attached electronically to transactions in Dynamics GP, as well as maintained in a central filing repository. This allows auditors to locate the source of a transaction with a click as opposed to going through filing boxes searching for an invoice.

Outcomes
- The city saves approximately $4 per invoice for each of the approximately 100,000 invoices it processes per year.
- The city was able to manage downsizing of its accounting and finance department staff from 80 to 60 people without losing efficiency.
- The city can accommodate over 30 integration points—ranging from ‘best of breed’ applications for the city’s parking authority to legacy applications developed in house—on a daily basis.