



ACCOUNTABLE BUSINESS TRANSFORMATION (ABT) PROGRAM  
FINAL OVERSIGHT REPORT

The County largely achieved the ABT Program vision of countywide, integrated systems for human resources, payroll, finance, and budget, which was a major accomplishment. However, the County has considerable work remaining to make the systems efficient and effective in order to enhance essential services as envisioned. The ABT team delivered nearly all of the planned scope within budget, although there were delays of up to one year and some system defects remain. This report documents lessons learned and makes recommendations about the work left to do to fully achieve the anticipated benefits and business transformation.

● = Met target   ▼ = Did not meet target/Attention needed   ◆ = Did not meet target/Corrective action needed

**RESULTS**

- ▼ **Scope:** Attention is needed to stabilize finance and budget systems and finish deferred payroll system scope.
- ▼ **Schedule:** Human resources system was 6 ½ months late; payroll system went live in one phase instead of three, with delays of up to one year; finance system was one year late; budget system was one month early; and the implementation plan for performance management is due by the end of 2012.
- **Budget:** ABT forecasts delivery of the program within the approved budget of \$86,637,147 including using all of the 20 percent contingency. County Council recently approved supplemental appropriations of \$762,649 to the operating budgets of the Business Resource Center and the Finance and Business Operations Division to address continuing post go-live activities.
- **Lessons Learned: Effective strategies contributing to positive results:**
  - Establish clear vision and goals
  - Establish and engage a comprehensive governance structure
  - Include independent quality management project oversight
  - Implement comprehensive communications strategies to reach all stakeholders
  - Dedicate resources to monitor budget and accurately forecast final costs
  - Monitor performance and when critical deadlines are in jeopardy, act promptly to mitigate risk
- ▼ **Lessons Learned: What the County could have done to improve results:**
  - Conduct pre-procurement outreach for consultants to generate interest
  - Structure contracts with more reasonable risk sharing and ensure adequate resources for contract management
  - Develop more effective tools for schedule and resource monitoring at the outset and take prompt action when performance lags
  - Establish stronger partnership with labor relations to achieve negotiations when needed
  - Reduce reliance on temporary and contract labor and ensure adequate support for recruitment and other personnel management functions
  - Plan for level of effort to explore and address complexity and diversity of County business needs
  - Standardize and streamline business practices to the extent feasible before implementing technology solutions
- ▼ **Recommendation for Lessons Learned:**
  - The County Executive should develop protocols so that project managers review and consider lessons learned for value to future major IT projects and countywide endeavors.
- ▼ **Recommendations for Remaining Work:**
  - Establish comprehensive governance
  - Stabilize systems as soon as possible
  - Move remaining employees to biweekly pay
  - Further standardize pay rules
  - Prepare for year-end closing of financial records and for future audits
  - Plan to integrate future performance management system with ABT systems

## TABLE OF CONTENTS

PURPOSE.....	1
PROJECT HISTORY .....	1
ABT PROGRAM VISION.....	2
ABT PROGRAM SCOPE, SCHEDULE, AND BUDGET RESULTS.....	5
LESSONS LEARNED – EFFECTIVE STRATEGIES CONTRIBUTING TO POSITIVE RESULTS.....	8
LESSONS LEARNED – WHAT THE COUNTY COULD HAVE DONE TO IMPROVE RESULTS.....	11
RECOMMENDATIONS REGARDING REMAINING WORK .....	15
ACKNOWLEDGEMENTS .....	19
PAST REPORTS.....	19
DISTRIBUTION .....	20
APPENDIX 1 – Statement of Scope, Objectives & Methodology .....	21
APPENDIX 2 – Glossary of Terms .....	23
APPENDIX 3 – ABT Program Governance Structure .....	25
APPENDIX 4 – ABT Project and Systems Information.....	27
APPENDIX 5 – Excerpts from the ABT Finance Project Scope Management Plan .....	28
APPENDIX 6 – Planned vs. Actual ABT Program Expenditures by Month .....	30

### ***King County Auditor’s Office – Cheryle Broom, County Auditor***

*The King County Auditor’s Office was created in 1969 by the King County Home Rule Charter as an independent agency within the legislative branch of county government. Its mission is to promote and improve performance, accountability, and transparency in King County government through conducting objective and independent audits and services.*

### ***Capital Projects Oversight Program – Tina Rogers, Manager***

*The Capital Projects Oversight Program (CPO) was established within the auditor’s office by the Metropolitan King County Council through Ordinance 15652 in 2006. Its goal is to promote the delivery of capital projects in accordance with the County Council approved scope, schedule, and budget; and to provide timely and accurate capital project reporting.*

CPO oversight reports are available on the auditor’s website ([www.kingcounty.gov/auditor/reports](http://www.kingcounty.gov/auditor/reports)) under the year of publication. Copies of reports can also be requested by mail at 516 Third Avenue, Rm. W-1033, Seattle, WA 98104, or by phone at 206-296-1655.

**ALTERNATIVE FORMATS AVAILABLE UPON REQUEST  
CONTACT 206-296-1655 OR TTY RELAY: 711**

## **PURPOSE**

**The purpose of this report is to provide a final assessment of the Accountable Business Transformation (ABT) Program, which recently accomplished the countywide implementation of four new enterprise resource planning (ERP)<sup>1</sup> systems.**

This report concludes CPO's oversight of the ABT Program, which began in 2007. It assesses whether the County's implementation efforts achieved the ABT Program vision; documents scope, schedule, and budget results; identifies lessons learned that might benefit future information technology projects or countywide endeavors; and makes specific recommendations regarding the considerable work left to do to achieve the ABT Program vision. Appendix 1 documents the methodology used to conduct oversight, including the targeted outreach for this final report. A glossary of terms is included as Appendix 2.

## **PROJECT HISTORY**

**ABT Program planning phase deliverables incorporated some lessons learned from the failed Financial Systems Replacement Program.**

The Financial Systems Replacement Program (FSRP) was the County's attempt in the late 1990s to replace its legacy human resources, payroll, and financial systems with countywide integrated systems using PeopleSoft and SAP<sup>2</sup> software. The program was suspended in the spring of 2000 after an expenditure of \$42 million, when it became clear that schedules were not being met and costs were increasing.

After suspension of the project, the County hired a consultant to analyze the reasons for the failure of FSRP and develop options and a recommendation for moving forward, taking the lessons learned from FSRP into account. Through a series of reports between 2000 and 2004,<sup>3</sup> the consultant recommended that the County proceed with a phased implementation of PeopleSoft for human resources and payroll functions, reevaluate options for a new financial system, and invest in a new budget system. The reports identified a substantial amount of quantifiable benefits that could be derived from implementation. In addition, the consultant noted the major areas of risk that the County would need to overcome in any future ERP efforts. These areas included leadership, governance, project management, communication, and change management.

Beginning in 2002, the County embarked on a deliberate planning process that formed the foundation for what was to be called the Accountable Business Transformation (ABT) Program. This name was chosen to signify that the new effort was not merely a replacement of software, but was a transformation of the way the County conducts business while at the same time replacing and integrating its ERP systems.

Between 2004 and 2007, the County Council appropriated just over \$9 million to the ABT capital project to support ABT planning phase activities and directed the County Executive to prepare a series of planning documents to address FSRP lessons learned. The documents included a roadblocks resolution plan to overcome areas of risk, an ABT vision and goals statement, ABT guiding principles and policies, and a program governance charter.<sup>4</sup> Those efforts led to the development of a high-level business design, a high-level business plan, and an updated cost-benefit analysis. Other work included an analysis of county's labor

---

<sup>1</sup> ERP systems integrate internal and external management information across an entire organization.

<sup>2</sup> SAP stands for Systems, Applications and Products in data processing, which makes enterprise software to manage business operations and customer relations.

<sup>3</sup> Dye Management Group, Inc., documents: Project Assessment and Implementation Planning: Critical Assessment, dated June 4, 2001; Project Assessment and Implementation Planning: Implementation Plan, dated July 16, 2001; Quantifiable Business Case, dated July 16, 2004.

<sup>4</sup> See Appendix 3 for the ABT Program Governance Structure.

costs associated with financial, budgeting, and human resources business processes compared to peer organizations<sup>5</sup> and an independent review by the Auditor's Office of the cost benefit analysis prepared for ABT.<sup>6</sup>

The ABT planning process culminated in the fall of 2008, when the County Council approved the County Executive-proposed ABT Detailed Implementation Plan (DIP). Motion 12863 added a requirement for the County Executive to prepare a benefits realization plan, and appropriated \$77.5 million, which included a 20 percent contingency, for implementation of PeopleSoft Human Capital Management for human resources and payroll functions; Oracle E-Business Suite for financial functions, a new budget system (later determined to be Hyperion Planning); and planning activities for a performance management system. This appropriation brought total ABT appropriations to \$86.6 million.

Four years later, human resource, payroll, finance, and budget systems are being used countywide, although only the human resource and payroll systems are considered stable at this time. Planning work for the performance management system will conclude in December 2012 with a countywide implementation plan.<sup>7</sup>

## **ABT PROGRAM VISION**

**The County has largely achieved the ABT vision of countywide, integrated systems for human resources, payroll, finance, and budget, which was a major accomplishment. Considerable work remains, however, to make the systems efficient and effective in order to enhance the county's essential services as envisioned.**

In June 2003, the County Council adopted the following vision for its enterprise resource planning (ERP) systems:

"King County's financial, human resource, and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers."<sup>8</sup>

Implementation of four new ERP systems was a major accomplishment. For the first time in nearly 20 years, all county agencies are using the same integrated ERP systems and obsolete legacy systems that were no longer supported have been retired. Considerable work remains until the vision is fully achieved, however.

### **Vision for Countywide Integrated Systems**

The four new ERP systems have been implemented countywide. For the first time since the 1994 merger of King County and the Metropolitan Municipality of King County (METRO), the County now has countywide systems for its human resource, payroll, financial, and budget functions. Prior to ABT, the County had been relying on two separate human resources/payroll systems, two separate financial systems, and various tools over time for capital and operating budget preparation and management. The systems have been integrated for cross-functionality, although the integration between the finance and budget systems is not fully complete.

---

<sup>5</sup> The Hackett Group, Summary of Benchmark Results, Proposed Initiatives, and Benefits & HR/Payroll, Finance, Procurement, Planning and Performance Management (including Budgeting), dated June 20, 2008.

<sup>6</sup> King County Auditor's Office Due Diligence Report: Cost Benefit Analysis: ABT Program, dated September 17, 2008.

<sup>7</sup> Refer to Appendix 4 for a chart with information on the ABT projects and systems.

<sup>8</sup> The vision was first articulated in the ABT Vision and Goals Statement approved by Motion 11729 in 2003. The vision was included in the Accountable Business Transformation Program Charter, which was approved by the County Council in 2006 (Motion 12364).

## Vision for Effective and Efficient Systems

The 2009 Benefits Realization Plan, which was required by the County Council as part of ABT's appropriation in 2008, established a framework for identifying, measuring, and monitoring benefits (both business process improvements and labor efficiencies) expected from the new systems. The 2010 update to the plan identified performance metrics for each system to measure the achievement of benefits and established a countywide labor reduction target of 128 FTEs between 2010 and 2014, depending upon when the system went live. A key assumption in the plan was that there would be a two-year lag between the time a system goes live and the labor efficiencies are fully realized.<sup>9</sup>

The Human Resources Division (HRD) has been tracking performance metrics associated with ABT's Human Capital Management (HCM) project implementation since 2010. The metrics have shown efficiencies in a number of the County's human resource business processes. For example:

- The percentage of new employees entered into the HR system by the first day of employment has improved (from 6% in 2009 to 67% through June 2012).
- The number of hours to complete the annual review of the use of temporary employees has been significantly reduced (from 1090 hours in 2010 to 391 hours in 2012).
- The percentage of new position requests processed in under one week increased (from 64 % in 2010 to 80 % through June 2012).

Metrics for the other three systems will be finalized through the 2012 update to the Benefits Realization Plan, expected in October. We expect that the 2012 update will define responsibilities for tracking performance metrics in accordance with the plan.

The other three systems are in relatively early stages of implementation. Only one system (payroll) is considered "stable,"<sup>10</sup> and the others (finance and budget) are not considered stable according to the Business Resource Center (BRC) manager and the system business owners. Ongoing instability of the finance and budget systems is having negative impacts on agency business operations. Finance system development is still ongoing to correct deficiencies. As of September 4, there were 416 unresolved defects, which are documented by the BRC as requests for work (RFW). Of these, the BRC ranked 11 (3%) as emergency and 212 (51%) as high impact, both constituting the focus of the BRC's current finance system stabilization activities.

Budget system instability had a negative impact on county agencies during preparation of their 2013 budget requests earlier this year. For example, system reliability hampered training efforts; the system had several unplanned outages; and Office of Performance, Strategy and Budget (PSB) took the system offline on many occasions during business hours for critical fixes. Nevertheless, county agencies used the new system to input their budgets, and PSB used it to develop the 2013 County Executive proposed budget. With the recent transmittal of the proposed budget to the County Council, the Council has access to the system for reports and other documents that agencies attached to the system to justify their budget requests.

In June 2012, CPO conducted a survey of user agencies.<sup>11</sup> Our goal was to document user feedback while memories were fresh to inform the work that remains and inform any user surveys in the future. Given that three of the systems were in the early stages of implementation at the time of the survey, and two of these systems were not stable, some of the negative responses received were not surprising.

In general, the June 2012 survey results support our conclusion that work remains to ensure the vision of effective and efficient systems is achieved. For example:

---

<sup>9</sup> The 2011 plan update notes that county agencies eliminated a total of 53.1 FTEs during the 2010 and 2011 annual budget processes as part of the County's overall efforts to address revenue shortfalls. These FTE reductions are labeled in the plan as "potential benefits from pre-implementation budget reductions."

<sup>10</sup> As defined by the BRC manager, stable means that "The fundamental business process are supported by the systems and operating in a timely and correct manner, or are otherwise supported with known and reasonable work-arounds."

<sup>11</sup> Refer to Appendix 1 for survey and outreach methodology.

- Half of survey respondents reported that the systems overall were having a very negative or negative impact on their agency's business operations.
- Only 27 percent of respondents agreed that the finance system was meeting their agency's business needs; for the budget system, it was 32 percent.
- Overall, 37 percent agreed that the new systems were improvements over the old systems. Notably more positive, half of the agencies who had previously used MSA, one of the legacy systems, agreed that PeopleSoft was an improvement for both human resources and payroll functions.
- 85 percent reported that their agencies are unlikely to meet their benefit realization targets; most common impediments mentioned were that workload has increased, the systems are complex and take additional time, the amount of change is considerable, and some functionalities and modules are not available.

### Vision for Business Transformation

As previously noted, expectations for business transformation were set high through the name of the Accountable Business Transformation Program and the targets set in the Benefits Realization Plan. However, the extent of business transformation to achieve efficiencies through standardization and streamlining of business processes prior to implementation was limited. The County did not follow through effectively with the two plans included in the Detailed Implementation Plan (DIP) to accomplish full business transformation - the ABT Business Process Redesign Strategy and Plan and the ABT Organizational Change Management Plan. While significant changes to the way the County conducts business occurred through the implementation of new ERP software, only a few business processes were assessed in advance of implementation and were redesigned with input from county agencies. As a result, there remain many opportunities for standardizing and streamlining.

The first plan, the Business Process Redesign Strategy and Plan, called for business redesign efforts to develop countywide standard processes to support the new technology systems with the ultimate goal of creating efficiencies for agencies. The plan methodology included conducting facilitated workshops for up to 15 high-level business processes to map current practices and design more efficient approaches to consider in advance of the configuration and development work. However, facilitated workshops were conducted on only two key countywide business processes: procure-to-pay and position management. In addition, PSB led a successful effort to obtain agreement and standardize the phases used in capital project expenditure templates across all county agencies. The business process redesign effort seemed to rely heavily on fit/gap<sup>12</sup> work sessions to identify current business needs in relation to system functionality.

Our outreach to the ABT team, industry experts, and ABT business owners revealed a common theme that supports our observation that business transformation was limited. The ABT team indicated that additional transformation required more leadership and attention from business owners. Industry experts noted that earlier and greater focus on business process changes was needed. Business owners noted that there was no systematic review of business processes and pointed out there are opportunities for standardization and streamlining of business processes in the future.

The second plan, the Organizational Change Management Plan, called for activities to lead agencies through the changes brought about by the new systems through education, readiness assistance, and training. Major areas of focus for change management were on the transition from semimonthly to biweekly pay cycle, the redesigned chart of accounts, and implementation of "project-centric" accounting, which shifted the county from accounting based on organizational structures to accounting based on projects. ABT assigned agency coordinators to work directly with agencies on needed business changes and other readiness activities, efforts that were lauded by user survey respondents. But the efforts were predominately focused on the changes that are absolutely necessary to use the new systems. Survey

---

<sup>12</sup> Fit/gap sessions are a step in the discovery stage of the implementation process to determine the appropriate "fit" of business requirements with software applications and identify a viable resolution for any "gaps" in the software.

responses also showed that agencies did not feel that the training and other help was adequate to prepare them to use the new systems.

### Vision for Enhanced Ability to Provide Essential Services

The final part of the ABT vision, “to enhance the County’s ability to provide essential services to its customers,” cannot be fully achieved until the County uses the new information in the systems for higher levels of analyses to inform decision-making at all levels of the government. A good example is occurring now through the efforts of HRD to educate county agencies on how to extract and interpret human resources data on topics such as leave use and succession planning.

Recognizing that business owners and agencies have other priorities and limited resources, the new ABT tools and data may not be used fully in the near future. Therefore, the County should construct a comprehensive governance structure to ensure that the new systems are stabilized as needed; that county agencies are using the systems effectively; and that efforts to achieve business transformation are continued.

### ABT PROGRAM SCOPE, SCHEDULE AND BUDGET RESULTS

**The County Executive forecasts delivery of the ABT Program within the \$86.6 million budget, in spite of unanticipated costs due to unforeseen work additions, schedule delays, and prolonged system stabilization efforts.**

The County Council appropriated a total of \$86.6 million for ABT Program planning and implementation. The County Executive’s most recent forecast of total ABT Program costs at completion reflects spending the entire appropriation, using all of the 20 percent contingency to cover unanticipated costs due to unforeseen work, schedule delays, and prolonged system stabilization efforts. These results, according to industry experts, were about average when compared to other ERP implementations in the public sector, and commendable given the size and complexity of the County’s multi-system implementation.

#### Scope and Schedule Results

##### **Human Capital Management (HCM) Project<sup>13</sup>**

On March 16, 2010, the HCM Project team delivered PeopleSoft as the countywide system of record for human resources and benefits data. HCM also expanded employee and manager self-service on-line access and implemented position management. The go-live date was 6 ½ months later than the County Council-approved date of September 2, 2009. There were two reasons for the delay. First, the contract with the system implementer, CIBER, Inc., was executed four months later than planned. As a result, the County Executive reset the go-live date to February 16, 2010. Second, due to the need to fix data conversion errors and conduct more thorough testing, the reset schedule was missed by six weeks. We observed no scope changes for HCM.

##### **Payroll/Time and Labor (PTL) Project**

On January 3, 2012, the PTL Project team delivered PeopleSoft as the countywide payroll and time-entry system. All county employees are now being paid through the same system, and standardized and automated on a common biweekly pay cycle with a few exceptions.<sup>14</sup> In addition, all county employees have access to online time-entry to record hours worked, although not all agencies chose to use employee self-

<sup>13</sup> Appendix 4 provides a chart of project information including implementer, new and legacy software systems, and the County’s designated business owner for each project.

<sup>14</sup> Three employee groups will remain on a semi-monthly pay cycle pending resolution of issues. These include the King County Sheriff’s Office (KCSO) and paramedics who are paid semi-monthly with the new PeopleSoft system, and Superior Court Judges who are paid semi-monthly through a private payroll service.

entry features. Five standard work weeks were established and Fair Labor Standards Act (FLSA) pay rules were standardized and automated. Scope for further pay rule standardization was deferred.

The original implementation schedule approved by the County Council for the payroll system was a phased approach, with the first group of county employees going live on January 3, 2011, the second in July, and the final group on January 1, 2012. The payroll system has a high level of integration with the finance system to distribute labor costs to projects. When the finance system go-live date was delayed one year from its January 1, 2011 planned date (as explained below), the decision was made to combine all employee groups into one go-live date and reset the date to January 3, 2012 to align with the finance system. As a result, implementation for some employees was delayed by as much as one year. The reset schedule for the payroll system was met.

### **Finance Project**

On January 3, 2012, the Finance Project team delivered Oracle E-Business Suite Financials (EBS) as the single system of record for the County's financial and accounting business practices, one year later than the County Council-approved go-live date of January 3, 2011. The one-year schedule delay followed ABT's July 2010 assessment of the need for scope changes and additional work to meet the County's more complex business requirements, including cash management, capacity charge billing, and agency side system integration. Appendix 5 is an excerpt from the plan that notes the scope changes and work additions as well as scope that was unchanged.

The reset go-live schedule was met. The system, however, went live with known defects and additional defects were found post go live, having the effect of prolonging the stabilization period. Stabilization was planned for three months following go live of January 3, 2012. As of this writing, the stabilization period is continuing.<sup>15</sup>

### **Budget Project**

On March 1, 2012, the Budget Project team delivered Hyperion as the budget system of record for all county agencies, one month earlier than the schedule approved by the County Council. The new budget system provides a single system to track the annual budget process through the various stages from PSB's status quo preliminary budgets, through agency-proposed, County Executive-proposed, and County Council-adopted versions. The system is designed for agencies to enter their own proposed budget information and provides for testing of multiple scenarios and for updating agency budgets during the year following supplemental appropriations. The system, however, was not stable during agency budget preparation and its stabilization period has been prolonged, because the interface with the finance system is not fully functional. Nevertheless, county agencies used the new system to input their budgets, and PSB used it to develop the 2013 County Executive proposed budget for transmittal to the County Council. We observed no scope changes.

### **Performance Management Project**

The scope for the Performance Management Project was defined in the scope of work for Business Technology and Resource Group, Inc. (BTRG), the consultant the County hired to do the work. The scope consists of documenting the current state of performance management within King County, developing a future vision document, conducting a proof-of-concept pilot to evaluate approaches to performance management, and developing a countywide implementation plan. The first two scope elements were completed. The pilot is scheduled to be completed in November, four months behind schedule due to more time spent reaching consensus on a vision document. The business owner, PSB, reports that the countywide implementation plan is due for delivery in December.

---

<sup>15</sup> Stabilization refers to the period following the implementation of an information technology (IT) system when system defects are identified and fixed, system functionalities are validated, users learn to use the new tools, and business processes and data are verified.



## Budget Results

### Forecast Costs at Completion

Table 1 shows the County Council-approved budget of \$86.6 million,<sup>16</sup> the budget as reformatted by ABT,<sup>17</sup> and ABT's most recent forecast costs at completion showing use of the entire budget, including the entire contingency budget.

**Table 1. ABT Program Budget and Revised Forecast Costs at Completion**

	Council-Approved Budget	ABT Reformatted Budget 4th Q 2010	ABT Forecast Costs at Completion		
			As of Q2 2012	Change from Reformatted Budget	
				\$	%
<b>PLANNING PHASE</b>	<b>9,032,857</b>	<b>9,032,857</b>	<b>8,675,923</b>	<b>(356,934)</b>	<b>-4.0%</b>
<b>IMPLEMENTATION PHASE</b>					
Finance Project	29,097,703	24,340,191	31,933,528	<b>7,593,337</b>	<b>31.2%</b>
HCM Project	10,238,471	7,232,823	5,857,600	<b>(1,375,223)</b>	<b>-19.0%</b>
PTL Project	20,424,577	13,844,941	17,193,350	<b>3,348,409</b>	<b>24.2%</b>
Budget/PM Project	4,834,286	4,294,097	5,352,383	<b>1,058,286</b>	<b>24.6%</b>
Benefits Rel. Project	0	0	480,359	<b>480,359</b>	-
PMO/Other	90,246	14,973,231	17,144,005	<b>2,170,774</b>	<b>14.5%</b>
<b>IMPLEMENTATION SUBTOTAL</b>	<b>64,685,283</b>	<b>64,685,283</b>	<b>77,961,225</b>	<b>13,275,942</b>	<b>20.5%</b>
<b>Unreleased Impl Contingency</b>	<b>12,919,007</b>	<b>12,919,007</b>	-	-	
<b>TOTAL IMPLEMENTATION</b>	<b>77,604,290</b>	<b>77,604,290</b>	<b>77,961,225</b>	<b>356,935</b>	<b>0.0%</b>
<b>GRAND TOTAL</b>	<b>\$ 86,637,147</b>	<b>\$ 86,637,147</b>	<b>\$ 86,637,147</b>	<b>-</b>	<b>0.0%</b>

Source: ABT Quarterly Report, second quarter 2012.

As shown above in the last two columns, there are expected budget savings of \$356,934 for the planning phase and \$1.4 million for the HCM Project. These savings, when combined with the use of the entire \$12.9 million in contingency, offset \$14.7 million in forecast cost increases in the following areas:

- **Finance Project:** The 31.2 percent forecast cost increase is primarily due to unforeseen work, a one-year delay in the schedule, and the extension of resources to address system stabilization issues after go live.
- **PTL:** The 24.2 percent forecast cost increase is primarily due to delaying the go-live schedule by one year.

<sup>16</sup> The "Council-Approved Budget" column reflects total ABT appropriations for planning (Ordinances 15083 and 15903 in 2004 and 2007, respectively) and for implementation and contingency (Ordinance 16275) in 2008.

<sup>17</sup> The ABT Program budget was reformatted by ABT to transfer indirect cost allocations from project budgets to the Project Management Office (PMO) budget. CPO agreed that the reformatting was reasonable.

- **Budget/PM:** The 24.6 percent forecast cost increase is due to higher than planned costs for the budget system implementation consultant.
- **Benefits Realization:** The ABT Program absorbed the forecast \$480,359 cost of this unplanned work to meet the County Council requirement in Ordinance 16275 to transmit a benefits realization plan.
- **PMO/Other:** The forecast cost increase of 14.5 percent is due to added costs for activities related to change management, oversight, labor relations support, finance system closeout activities, and side system readiness. This category includes the Program Management Office (PMO), comprised of ABT Program management and key support staff, and program overhead costs, representing approximately 65 percent of this budget category. The category also includes other program-wide activities such as change management, oversight, training, and communications.

While the County Executive forecasts that the ABT Program will be accomplished within ABT appropriations, it should be noted that the County Council recently approved \$762,649 in supplemental appropriations to the operating budgets for the Finance, Business and Operations Division (FBOD) and the Business Resource Center (BRC)<sup>18</sup> to address additional finance and payroll system post go-live activities. FBOD adds three term-limited temporary (TLT) positions in 2012 to support departments with change management and standard practices related to the ABT systems. It is not known whether the FBOD positions will be needed beyond 2012. The BRC adds to its 2012 budget for unanticipated costs for ABT staff retirement pay-out and five full-time equivalent (FTE) positions to stabilize and continue operations of the ABT systems. The additional BRC FTEs will likely continue into and beyond 2013.

Appendix 6 shows as of end of July, ABT has spent \$80.9 million of the \$86.6 million budget. As noted in our previous reports, ABT expenditures continue to lag behind planned expenditures. Spending from the ABT budget may continue into early 2013. At that time, the BRC plans on producing a final accounting of expenditures.

## **LESSONS LEARNED – EFFECTIVE STRATEGIES CONTRIBUTING TO POSITIVE RESULTS**

**The County and ABT took specific actions that yielded positive results in implementing the new systems.**

There are several areas of achievement by the County as a whole and by the ABT Program in particular that offer positive lessons learned. These lessons could be beneficial to future IT projects or countywide endeavors. We document the lessons learned as a resource and recommend that they be considered by county project managers in the future. In the next section of the report, we describe lessons learned of what the County could have done to improve results.

**Recommendation: The County Executive should consider the lessons learned from ABT and develop protocols to ensure that these are reviewed and considered by project managers of future major information technology and other countywide endeavors.**

### **Clear ABT Program Vision and Goals**

The primary contributing factor was County Council adoption of a clear statement of the ABT vision and goals. As noted earlier in the report, the County Council adopted the ABT Program vision and goals statement in 2003. The statement had broad support from county elected officials, remained unchanged throughout the program, and was used by the ABT program sponsor to guide implementation. That

---

<sup>18</sup> The BRC is the new entity in the Department of Executive Services that has responsibility for operations and maintenance of the ABT systems.

consistency contributed to a common understanding across all county agencies of what the ABT Program was supposed to achieve.

**Lesson Learned: Establish a clear statement of vision and goals for a project and use it throughout the duration of the project.**

### Comprehensive ABT Governance Structure

The ABT Program Charter approved by Motion 12364 included a comprehensive and inclusive governance structure, consisting of county elected officials, ABT management and advisory groups, independent oversight, and representatives of the County user agencies.<sup>19</sup> The charter defined roles and responsibilities for each element of governance. The ABT Program adhered, for the most part, to the charter and ensured that all layers of the governance structure were kept informed and convened as necessary to perform their designated roles and responsibilities. Although the governance structure added to ABT's workload, the well-informed governance of ABT resulted in consistent support for reaching the ABT vision and goals throughout implementation of the program.

Over time, there was considerable turnover in key positions in the governance structure, such as the program sponsor, program deputy sponsor, the program manager, county information officer, and two of the three business owners. There was also turnover in the County elected leadership during the ABT Program implementation, including the County Executive, who was the designated ABT executive sponsor, the sheriff, assessor, and others. The governance structure provided a framework to quickly involve new participants and provide them with an understanding of their roles related to the ABT Program. This contributed to the ABT Program having countywide support through transitions, even though maintaining a level of engagement required the use of staff resources.

**Lesson Learned: Establish and engage a comprehensive governance structure in order to provide support, continuity, and consistency to the project.**

### Independent Quality Management

As part of the governance structure, ABT hired an independent quality management consultant, Pacific Consulting Group, Inc. (PCG), which reported to the ABT program sponsor. PCG provided oversight and advice to the ABT Program governance and management. PCG had experience with the County's previous Financial Systems Replacement Project as well as major ERP implementations in other governments (e.g., in Portland's 2010 implementation of SAP software). The consultant delivered monthly status reports to the ABT Management Team in which they made timely recommendations as needed, provided a dashboard on key elements of each of the ABT projects, and tracked the implementation of previous recommendations. The ABT program sponsor and program manager each acknowledged the value of this independent oversight in drawing attention to problems and mitigating project risks.

**Lesson Learned: Include independent quality management oversight to monitor performance, identify problems, and recommend ways to mitigate risks.**

### Comprehensive Communications Strategies

The ABT Program created and maintained high visibility within the County by using multiple communications strategies intended to keep county management and staff informed about the program and key decisions. ABT hired a communication manager dedicated to program communications throughout the implementation phase.

---

<sup>19</sup> See Appendix 3 for the ABT Program Governance Structure.

The program employed several methods to maintain visibility and disseminate information including: an ABT internet site for the public, an intranet site for county employees, an ABT SharePoint site for subject matter experts, and posters at county work sites. ABT mailed notices to the homes of all county employees regarding the change in pay periods and the availability of a transition check. Upon request, ABT made presentations to employee groups to ensure there was a clear understanding of the impacts of the payroll changes. Information about key decisions and other program activities were communicated in a timely manner through all levels of the governance structure. Quarterly status reports to County Council documented project progress and were available on the ABT website. This high visibility contributed to awareness of the importance of the project and commitment throughout county agencies to help support the implementations.

**Lesson Learned: Have a well-designed and comprehensive communications plan to reach all stakeholders and increase likelihood of acceptance of and commitment to the project.**

#### ABT Budget Management

Following the 2010 schedule reset, ABT Program management put a heavy emphasis on budget management. ABT added dedicated staff resources to improve monitoring tools of work backlog, expenditure status, and cost forecasting. These tools provided the information needed to be confident that funds were available to add staffing resources to strategically address schedule delays. It became clear that additional staff resources and a supplemental appropriation would be needed to further stabilize payroll, finance, and budget systems. Proactive planning resulted in a timely supplemental operations budget appropriation request, allowing for adequate review and processing time for the County Council, and approval of the request before funding constraints caused additional problems.

**Lesson Learned: Dedicate resources to monitor budget and accurately forecast final costs so that resources can be added when needed.**

#### Monitor Performance and Act Promptly

When it became clear to ABT management in mid-2011 that January 2012 go-live dates for payroll and finance were in jeopardy, ABT acted decisively to mitigate the risk of another schedule delay. Among other things, the ABT Management Team began to meet weekly and used additional contingency funds to add strategically identified resources to the ABT team and to CIBER, through a contract amendment, in the second half of 2011. The ABT team prioritized finance development work to correct all defects that were considered “show stoppers,” worked holidays and weekends, and provided additional support to agencies with very complex readiness issues. The County Executive sought and obtained approval from County Council for a retention incentive pay program to retain critical temporary employees.

As the January 2012 go-live dates approached, there was a strong commitment from county personnel at all levels as well as the County’s consultants for successful go live. This commitment went beyond the ABT team to central payroll and finance staff in FBOD and staff in PSB who took on greater responsibility for the Budget Project to allow ABT to focus on the other larger systems. User agency staff absorbed training, data preparation, testing and other preparedness activities along with their other ongoing and year-end duties. Often this involved personal heroics to meet deadlines. This level of commitment and the entire county rallying around the effort would not have been possible without the building blocks of clear vision and goals, comprehensive governance structure, and high visibility of the ABT Program.

**Lesson Learned: Monitor performance and when critical deadlines are in jeopardy, act promptly and call upon all available resources to effectively mitigate risks.**

## **LESSONS LEARNED - WHAT THE COUNTY COULD HAVE DONE TO IMPROVE RESULTS**

**There are several areas where the ABT team and its governance structure could have done things differently, potentially improving results.**

As described earlier in the report, ABT Program implementation was not a complete success, considering the schedule delays, system defects, and limited business process redesign. There are several areas noted below where the ABT team and its governance structure could have done to achieve improved outcomes. As with the effective strategies documented in the previous section these lessons learned could be beneficial to future IT projects or countywide endeavors. We recommend that they also be considered by county project managers in the future.

### **Consultant Procurement**

The County's advertised procurement for preparation of the Detailed Implementation Plan (DIP) resulted in a small, select group of three contractors for ABT to choose from. In 2008, ABT chose CIBER for that work. Following satisfactory completion of the plan documents, the County chose not to undertake another procurement for the implementation phases. Instead, the county invoked the option identified in the original procurement to negotiate with CIBER to engage them for the HCM, PTL, and Finance Project implementations. While CIBER brought the desired strong experience in PeopleSoft, over time the County discovered that CIBER offered somewhat less than optimal experience in EBS Financials. More effective pre-procurement outreach may have resulted in attracting more proposals for the DIP and the option for implementation, potentially from consultants offering stronger experience in EBS. This potentially could have yielded better results on the Finance Project.

Looking back, the ABT program manager identified two reasons for the limited number of proposals: 1) ERP's in the public sector are inherently risky, and given King County's past failure with Financial Systems Replacement Program (FSRP), ABT was seen as being especially challenging; and 2) some of King County's standard contract requirements and practices may have discouraged larger and more experienced companies from proposing. ABT had little initial discussion of a procurement plan with the procurement office in FBOD prior to the decision to solicit a request for proposal for the DIP work, and as such there was limited or no pre-procurement outreach. Proactive pre-procurement outreach to the most highly qualified implementers to generate more interest, address any concerns, and get feedback on the County's procurement approach and contract requirements may have resulted in a larger and potentially stronger pool of consultants for the County to choose from. This strategy has been effectively used by other county agencies for unique procurements, and FBOD procurement section could have assisted with those activities.

CIBER's PeopleSoft experience served the County well on the HCM and PTL Projects. CIBER's lower experience level on EBS was a contributing factor to some of the challenges with the Finance Project. The Finance Project was further complicated by the County's decision to implement the most current software version of EBS. Throughout the implementation, Oracle continued to debug and issue patches for the new version of EBS, and could not always answer CIBER and county ABT team member's questions as quickly as desired.

**Lesson Learned: Conduct research and pre-procurement outreach to the most highly qualified consultants in the market to generate interest, address any concerns about the County's project, and obtain feedback on the procurement approach and contract requirements that might discourage qualified firms from proposing.**

### **Consultant Contract Management**

Management of the CIBER contract could have been improved by providing more equitable risk sharing between the CIBER and the County and having additional resources for contract performance monitoring.

The contract terms for compensation had little flexibility and may have limited CIBER's willingness to add needed staff resources earlier in the project. ABT did not have a dedicated staff person to manage the multiple contracts needed for the ABT Program, resulting in performance monitoring and contract negotiation competing for attention with other critical program activities. Additional resources for contract management could have resulted in improved project results, especially for the Finance Project.

The structure of the County's contract with CIBER set not-to-exceed payment amounts for specific deliverables, payable following the County's approval of each deliverable. This structure was consistent with a recommendation in the Dye Management report,<sup>20</sup> based on the lessons learned from the County's FSRP experience. The CIBER contract language protected the County from the risks of cost overruns, and ensured that the County was not at risk for paying out too much of the contract compensation before the work was done. However, the deliverables were large and complex and many were on concurrent and interrelated paths. Obtaining approval of each deliverable often took considerably longer than planned. This may have contributed to understaffing by CIBER and resultant schedule delays early in the project as they waited for payments.

In addition, estimating the level of effort required for the deliverables was challenging, and not enough of the contract amount was set aside as contingency for unforeseen work. When the consultant had to devote more effort than estimated to complete a deliverable, the contract did not provide for additional compensation. Given the complexities of the ABT implementation, this contract approach resulted in the consultant assuming considerable risk. The ABT program sponsor felt that a more equitable risk sharing in the contract could have improved the finance system quality and schedule outcomes.

The ABT team had limited resources to concurrently manage the CIBER and numerous other contracts. Contract management was one duty of the deputy program manager, a very critical position responsible for multiple, mission-critical tasks. Time spent on contract management detracted from other important and time sensitive work. This may have hampered timely attention to consultant performance issues. Additionally, at times contract amendments were not negotiated and finalized before CIBER needed to begin work on newly identified items to meet critical schedule milestones.

**Lesson Learned: Structure contracts with a reasonable approach to risk sharing for unforeseen work and timing of compensation. Ensure adequate resources for contract management.**

#### Schedule and Resource Management

ABT did not initially have adequate tools to effectively monitor schedule performance, predict staffing needs, and track the status of budget availability. The lack of adequate tools may have contributed to ABT not using its budget or contingency funding soon enough to add resources to improve lagging schedule performance, which ultimately contributed to the one-year delay in the Finance and PTL implementations. The situation improved considerably after the 2010 schedule reset.

The ABT team struggled with schedule development and management early on, despite having two FTEs dedicated to keeping the work plan current. ABT struggled to find the right level of detail in the plan and to have CIBER's resource-loaded schedule align with the County schedule. Estimates of county staff hours to perform the planned work were too low, as were the implementer's estimates. Attempts at using earned value management to monitor performance were not particularly effective because of the quality of the schedule. All levels of external oversight were concerned about the quality and usefulness of the schedule and the apparent lagging schedule performance.

---

<sup>20</sup> Project Assessment and Implementation Planning: Critical Assessment, Dye Management Group, Inc., IBM Global Services, Inc., June 4, 2001, page 22.

It is unclear whether the ABT Management Team effectively monitored the schedule performance and acted soon enough to focus on the growing schedule risk. Early action may have been hampered by caution related to using the contingency too early. The ABT program sponsor maintains that the complexity of the ABT Program warranted the County Executive's original request for a 30-percent contingency rather than the 20 percent approved by the County Council, and the commitment to deliver ABT within the approved budget influenced decisions about whether to add resources in several areas.

Inadequate staffing resulted in a substantial amount of backlogged work. In the final months before the January 3, 2012 go live, there was considerably more work to be done than could be accomplished with available resources and a normal work schedule. Personal heroics were needed to finish the absolutely critical work before go live; heroics came from ABT managers and staff, implementers, and central staff in FBOD, PSB, and many user agencies. Some less critical work was not completed before go live; some testing was abbreviated; not all identified defects were fixed before go live, and user training was limited. This contributed to confusion at go live and the number of unresolved work items continued to grow during the first months of system use. CPO reported on this in detail at the time.<sup>21</sup>

These problems were most evident with the finance system but were compounded by the simultaneous go live with payroll system. With the ABT team focused on stabilization activities for these two systems in early 2012, the budget system implementation did not receive the needed attention from the ABT team for testing, interface work, and training. This complicated and negatively impacted the performance of the budget system at go live. As a result, PSB, the business owner, assumed a greater role in the implementation than had been originally planned.

**Lesson Learned: Develop effective tools at the outset of a project to monitor schedule performance and available resources, and take prompt action when performance lags.**

#### Partnership with Labor Negotiation

Another element of schedule management that could have been improved was the partnership between ABT and labor negotiation efforts. Negotiation of impacts of the ABT implementation began late and required significant unplanned technical resources from ABT to support the approach chosen. Technical work and negotiation efforts were not adequately resourced early enough to accomplish the necessary agreements in time to fully implement the planned scope for PTL.

As a result, most of the desired standardization of pay rules were not addressed in this implementation. The PTL Project required significant additional effort above what was planned to implement numerous variations of pay rules. Lack of standardization reduced the extent of pay rule automation. Consequently, realization of some of the anticipated benefits associated with payroll will be delayed.

**Lesson Learned: Establish a strong partnership with the Office of Labor Relations in any major project with anticipated labor impacts in order to collaboratively plan and implement negotiations to align with project schedules.**

#### Staffing

Keeping the ABT team adequately staffed with the required skill sets was a continuing challenge that negatively impacted project schedule results. This was a risk that CPO continually monitored. Staffing was also a challenge for CIBER at times. The challenges changed over time, from needing quicker recruitment initially, to improving employee retention as the implementation schedule lengthened and approached conclusion. A retention incentive pay program initiated in mid-2011 was successful in reducing turnover. Attracting and retaining qualified staff continues to be an issue for the Business Resource Center.

---

<sup>21</sup> ABT Program Oversight Report for Fourth Quarter 2011, King County Auditor's Office, April 24, 2012.

Early in the project, despite having a dedicated recruitment firm to assist in the initial recruiting efforts, ABT struggled to fill positions in a timely manner because of limited experience with the County's recruitment process. Over time, ABT learned to be more proactive and work more closely with HRD for assistance in speeding up recruitment efforts and dealing with unique situations, such as work permits for foreign employees. Timely recruiting did improve with HRD's assistance, and with a general worsening of the economy the availability of qualified applicants for many positions increased. However, recruiting functional and technical staff with Oracle EBS expertise continued to be challenging throughout the implementation and stabilization period.

Initially ABT relied almost entirely on term-limited temporary positions without fully using the flexibility provided in county code to fill ABT positions with career service employees loaned from other county agencies for the project duration. This latter approach was used in a few cases, and it proved to be an effective strategy.

When the schedule for the finance and payroll systems was extended an additional year, staff retention became a bigger problem. Heavy workloads for such an extended period may have contributed to burn out, resulting in staff leaving while their expertise was still needed. As TLT employees left, ABT had to rely more heavily on contract labor, at higher cost. Contract staff also left prematurely. In mid-2011, ABT brought on a dedicated HR staff person and the County Executive proposed and County Council approved a retention incentive pay program for certain key positions if TLT employees stayed through their planned position duration. The incentive pay program initiated in August 2011 reduced turnover from 37 percent to 3.5 percent.<sup>22</sup>

The BRC continues to rely on nearly 20 TLT and contract employees for stabilization work to augment the 46 positions approved for the BRC through 2012. As of late August, more than 10 percent of the BRC positions were still unfilled.

**Lesson Learned: Reduce reliance on TLTs and contract labor if possible. Obtain adequate human resources support for recruitment and other personnel management functions.**

#### Diversity of County Business and Decentralized Practices

ABT underestimated the level of effort needed to understand and address the complexity of the County's multiple different business functions and the decentralized business processes. Throughout implementation, ABT revised the schedule and increased resources to allow more time for discovery and development work to meet all the County's business needs.

Complexity of county decentralized processes was most acute in the payroll area. Outreach to understand in detail how each labor contract affected payroll calculation was a major, unplanned undertaking. The PTL team had to slow development work to meet with individual pay clerks in all agencies to learn the nuances and interpretation of different labor contracts. Despite this extensive effort, parallel testing of payroll comparing the legacy system to the PTL system discovered even more anomalies that needed to be resolved quickly. Additional issues were identified post go live.

Complexity and diversity of county business needs also caused unforeseen added work for the finance system. ABT discovered in 2010 that the complexity of the finance system would require more customization than was originally planned, increasing the estimated cost of the system implementation by 21 percent. This was predominately related to complexity of cash management and other treasury functions that the County performs for special districts and invoicing and collecting capacity charges for the County's wastewater treatment system. Other areas of complexity are evident in the numerous and complex side

---

<sup>22</sup> Accountable Business Transformation Project Retention Incentive Report transmitted from the County Executive to the County Council on April 30, 2012 as required by Ordinance 17170.



system interfaces. Although many side systems were eliminated, more than 70 remain and use interfaces to effectively work with the new finance system. Developing and maintaining side system interfaces requires considerably more resources than originally planned. The BRC continues to devote three TLTs to maintaining the side system interfaces. Continuing to encourage agencies to retire side systems, where possible, represents an opportunity for further streamlining business processes and decreasing BRC workload.

**Lesson Learned: Plan for the level of effort needed to fully explore and address the County's diverse business needs.**

### Business Transformation

As noted previously, ABT redesigned only a few business processes using the structured approach called for by Dye Management<sup>23</sup> and the ABT Business Process Redesign Strategy and Plan contained in the DIP. While the ABT Program sponsor and manager point to many examples of countywide business processes that were changed in order to use the new systems, many opportunities for streamlining and standardizing cumbersome or inconsistent business practices remain. Our observations were supported by information received through our outreach to the ABT team, industry experts, and system business owners.

Business process changes will need to occur over time and may require subsequent changes to the systems, adding to the future workload of the BRC. As Dye Management<sup>24</sup> pointed out, "ERP implementations cannot be approached as simply 'system replacement' efforts; they are long-term business transformation processes supported by a software package that begin with the initial implementation." Supporting and establishing accountability for continuing efforts to further standardize and streamline business practices will be critical to realizing the anticipated benefits within a reasonable timeframe.

**Lesson Learned: Standardize and streamline business processes to the extent feasible before implementing a technology solution to achieve benefits earlier.**

## RECOMMENDATIONS REGARDING REMAINING WORK

**There is considerable work left to do to fully achieve the ABT Program vision.**

The ABT Program vision calls for efficient and effective systems that will enhance the County's ability to provide essential services. The vision will not be fully achieved until the new systems are stabilized and agencies are able to use the systems to meet their business needs, and then leverage the new tools to achieve anticipated benefits. We highlight areas where attention is needed to finish remaining work and achieve the vision. We make recommendations to: reestablish comprehensive governance, stabilize the systems, finish deferred payroll scope, prepare for year-end closing and subsequent audits, and plan for integration with performance management in the future.

### Reestablish Comprehensive Governance

A comprehensive governance structure that included representation from all branches of county government was a major positive contributing factor to the ABT Program accomplishments. The County Executive needs to reestablish a formal governance entity with a clear mandate to ensure remaining work is accomplished, all branches of government and all end users are consulted and informed, and there is accountability that the ABT Program vision and anticipated benefits are fully achieved. A new entity, as successor to the ABT Management Team, is needed to continue to provide leadership, support, and

---

<sup>23</sup> Project Assessment and Implementation Planning: Critical Assessment, Dye Management Group, Inc., IBM Global Services, Inc., June 4, 2001, page 10.

<sup>24</sup> Ibid., page 20.

oversight for the County's considerable body of remaining work now that the governance structure established for ABT is no longer formally in place. The BRC has established a new change management governance structure, but it is narrowly focused on technical matters and does not have a mandate to fulfill the comprehensive role that is necessary. It should be noted that the ABT Management Team (now called the BRC Leadership Team) continues to meet twice monthly to direct stabilization efforts. County end user agencies are encouraged to attend and participate in discussions. The team plans to continue to meet until a successor entity is formed.

A new governance entity is needed to guide the County's comprehensive efforts to finish remaining work and to set the course for the next decade of work to continue the County's business transformation. This work involves many resources beyond those of the BRC. The County Executive should appoint a new governance entity and consider drawing heavily from the ABT Management Team membership, given their knowledge and effective working relationships built during the ABT implementation. The County Executive should also consider whether this entity needs membership from separately electeds and other user agencies. The new entity's role should be to:

- **Ensure effective coordination between the BRC and business owners.** A new governance entity should ensure that roles and responsibilities among the BRC and business owners are clear and their activities coordinated and guided by priorities that all branches of King County government can understand and support. Planning efforts are underway and some coordination has begun, with the sponsorship of the BRC Leadership Team. They are currently developing a vision document similar to the ABT vision and goals for the County's business environment the next ten years. The BRC is developing their work plan through 2014 and, according to the program sponsor, FBOD and HRD have ABT-related work plans for 2013. The BRC work plan focuses on the activities and resources needed to keep the systems running and to address priority technical fixes. Business owners are responsible for business operations and management including development and implementation of standardized policies and business processes. BRC staff is beginning discussions with FBOD staff about the need to coordinate their work plans.
- **Provide accountability for the County's efforts stabilizing the systems, completing the deferred scope, and achieving anticipated benefits.** A new governance entity should monitor and hold the BRC and business owners accountable for stabilizing the systems. Finishing deferred payroll system scope will require broader monitoring, as agencies headed by separately elected officials and labor negotiations are involved. PSB is responsible for annual monitoring of the County's progress on the Benefits Realization Plan, but governance and leadership at a higher level is also needed to encourage agencies to strive to meet their targets in the plan. Clear measures and targets are needed for all of these activities, and if performance targets are not met, the successor entity should explore the potential root causes of the performance issues and recommend corrective action.
- **Monitor staffing levels.** Adequate staffing was important to meeting ABT implementation performance targets and will continue to be important in the future. The new entity should monitor the work demands compared to available staff in the BRC, business owner agencies, and in other contributing agencies, as appropriate, and provide support for additional staffing if needed. Over time, the monitoring efforts can be used to hold the BRC and business owners accountable for reducing supplemental temporary and contract staffing, as planned. The BRC and business owners will need to focus on retention of career service employees through managed workload to lessen burn out and by providing training programs that enhance and keep skills current on best practices for use and maintenance of the systems.
- **Continue visible and effective communications strategy.** The new entity should continue a visible and effective communication strategy to keep everyone informed about the ongoing efforts to achieve the County's vision for the ABT Program. The strategy needs to provide forums for ongoing communication with end users and separately elected officials. This will be critical to managing expectations about future improvements. Since the January 2012 go live, communication with user agencies and independently elected officials has not been as formal and effective, and our outreach activities in July point to the need for more attention in this area. Documented help desk inquiries and resulting requests for work (RFWs) may not provide a comprehensive picture of the items that

create the greatest impacts to county business. Some agencies report they do not “call in” their needs, and instead, develop their own workarounds, such as new side systems.

- **Ensure adequate support for agency end users.** The new entity needs to confirm that the BRC and business owners’ work plans include adequate activities to support agency end users, and if needed, help identify where enhancements are needed. Based on our research and outreach activities, strategies worth considering include: surveying user agencies at regular intervals; reestablishing the Operations and Change Management Committee; reestablishing agency coordinators; leveraging existing meetings, such as the monthly finance directors’ meeting; targeted training to help agencies eliminate unnecessary side systems, setting up power user groups to share expertise; deploying King County’s Lean management tools and strategies for more efficient business processes; and meeting with special districts at least annually.

**Recommendation: The County Executive should establish a new governance entity to fully achieve the ABT vision.**

#### Stabilize Systems as Soon as Possible

Stabilizing the finance and budget systems needs to be done as soon as possible. Until these systems are stable, business owners and their central functions and user agencies will continue to experience business impacts and loss in productivity. PeopleSoft (both the HCM and payroll functions) is stable at this time. The finance system has numerous unresolved defects and reliable reports are not available. The budget system experienced defects and reliability issues during agency preparation of their 2013 budget proposals. Integration between the budget and finance systems is not yet functional. There is no firm estimate of when the finance system will be stabilized.

The BRC is working with business owners to finalize a definition and metrics for stabilization. The BRC is focusing on the technical work of resolving backlogged and incoming RFWs that the BRC deem critical or emergency priority. Business owners may be able to help identify reasonable business process workarounds to avoid technical work at this time.

The BRC and FBOD are also working on providing reliable standard reports to meet core business needs of county user agencies. They must also consider the reporting needs of special districts, which rely on the County for financial services. There are a large number of reports in the systems, and each system business owner should confirm that the BRC’s approach to addressing the County’s reporting needs is focused and guided by clear and reasonable priorities.

**Recommendation: The County Executive should set reasonable target dates for stabilizing the systems and report progress to the County Council.**

#### Finish Deferred Payroll Scope - All Employees on Biweekly Pay Cycle

The County Executive needs to set reasonable target dates for migrating the paramedics and the King County Sheriff’s Office (KCSO) to biweekly pay to achieve the vision of a countywide biweekly pay cycle. This would streamline county payroll to 26 events annually from the current workload of 50 payroll events for both semi-monthly and biweekly pay cycles. Negotiation of the labor impacts of this move will need to be accomplished in a timely manner and needs to begin as soon as possible. Additionally, implementation of biweekly pay for KCSO is dependent upon successful interfacing of KCSO’s new scheduling system with PeopleSoft. KCSO staff say they are on track for completing their scheduling system work by the end of 2012. The plan is for KCSO and BRC to integrate the new scheduling system with PeopleSoft semi-monthly payroll in 2013. Timing for moving remaining employees to the biweekly cycle should consider the value of having all employees on biweekly pay before the next PeopleSoft upgrade.

Payroll for Superior Court Judges presented a unique situation. The 53 judges receive a portion of their pay directly from the state. ABT discovered late in implementation that PeopleSoft could not handle this situation

without a significant amount of customization work. ABT coordinated with the Superior Court Presiding Judge and arrived at an acceptable and cost-effective workaround using a private payroll service. The County Executive in coordination with Superior Court needs to evaluate whether a future transition from the private payroll service to PeopleSoft makes sense. If not, the BRC should prioritize developing an interface to move labor costs from the separate payroll system into the finance system.

**Recommendation: The County Executive, working closely with the Sheriff and Department of Public Health, should develop a plan with reasonable target dates for migrating KCSO and the paramedics to the biweekly pay cycle. The County Executive should report progress to the County Council.**

#### Finish Deferred Payroll Scope - Standardizing Pay Rules

Although there were other deferred scope items, the County Executive should prioritize finishing the deferred payroll scope that was only partially delivered. The goal is to simplify and standardize payroll practices enabling automation of payroll calculations to the extent possible. Standardization of work weeks and FLSA rules was accomplished; however, considerable opportunities for further standardization remain. For the most part, the ABT team worked to configure and customize PeopleSoft to address a multitude of unique pay rules for individual groups to meet existing labor agreements. This provides for automatic payroll calculation except for some outliers where pay calculation continues to rely on manual calculation by pay clerks.

A clear plan will be needed to move the County closer to achieving the ABT vision in this area. This plan will need to include negotiation of the priority changes to pay rules on all applicable labor contracts. It will be important to more fully standardize pay rules to simplify future upgrades of the software, more fully automate the payroll process, and realize anticipated benefits. ABT has identified pay rules with standardization potential as part of the implementation. Leadership and coordination with labor is needed at the highest level to make this happen.

**Recommendation: The County Executive should develop a plan with reasonable target dates to standardize priority pay rules. The County Executive should report progress to Council.**

#### Prepare for year-end and future audits

Preparing for year-end closing of the County's financial records is a high priority on the BRC's 2012 work plan. In the push to meet the January 3, 2012 go live, advance testing of the year-end closing process was not and has yet to be conducted. Testing to confirm that the year-end closing process provides accurate and reliable financial records is critical for future audits. The BRC should consider conducting a mid-year closing process as the test case. This could provide useful information for agencies that receiving funding from the state, which uses a June 30 fiscal year end.

In addition, the County, with FBOD in the lead, should continue the proactive work with the State Auditor's Office to prepare for and accountability audits, and also plan to assist special districts as they prepare for 2012 audits.

**Recommendation: The BRC and FBOD should establish a coordinated plan for testing and other preparations for the 2012 year-end closing and subsequent audits.**

#### Ensure Integration of the Performance Management System with New ABT Systems

As reported in a previous oversight report,<sup>25</sup> the ABT Performance Management Project was affected by the County's changing leadership, and a revised approach to business planning and performance measurement

---

<sup>25</sup> ABT Program Oversight Report for Fourth Quarter 2011, King County Auditor's Office, April 24, 2012, page 4.

has developed within the last year. This may impact ABT's one remaining deliverable: a countywide implementation plan for performance management, due on December 31. PSB is now responsible for coordinating the work of BTRG, the consultant assisting the County on this project. Establishing effective and comprehensive governance for the continuing efforts toward countywide performance management will be critical to implementing a system to measure and report on performance in the future. The schedule for implementation has not been determined. The BRC needs to coordinate with PSB and monitor this effort, so they can plan for future integration of a performance management system with the ABT systems.

**Recommendation: The BRC should monitor ongoing performance management efforts and plan for integration of a countywide performance management system with the ABT systems in the future.**

## **ACKNOWLEDGEMENTS**

We appreciate the collaborative efforts of the staff from the ABT Program and PSB for their input to effective oversight of the ABT Program. They were consistently responsive in a timely manner despite the many demands on their resources throughout implementation and stabilization phases. We also appreciate the assistance from Pacific Consulting Group, the independent quality management consultant and the staff of the Project Review Board towards coordinated oversight of this important countywide program. We also want to thank the many respondents to our outreach efforts for this final oversight report including business owners, agency single points of contact, special district representatives, leadership committee members, and members of performance management groups. Ron Perry, Tina Rogers, and Shelley Sutton prepared this report. Should you have questions or comments on the report, please contact Tina Rogers, Capital Projects Oversight Manager or Ron Perry, Deputy County Auditor.

## **PAST REPORTS**

The King County Auditor's Office published several oversight reports since 2005, including a due diligence review of the cost benefit analysis of the ABT Program in September 2008, and 13 quarterly reports between March 2009 and April 2012. Click on the link below to read ABT past reports:

<http://www.kingcounty.gov/operations/auditor/ABT%20Reports.aspx>.

## **DISTRIBUTION**

King County Government Accountability, Oversight and Financial Performance Committee

cc: Metropolitan King County Councilmembers  
Dow Constantine, County Executive, King County Executive Office (KCEO)  
Fred Jarrett, Deputy County Executive, KCEO  
Rhonda Berry, Assistant County Executive, KCEO  
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)  
Bill Kehoe, County Chief Information Officer, King County Information Technology (KCIT)  
Zlata Kauzlaric, IT Governance Manager, KCIT  
Dwight Dively, Director, Office of Performance, Strategy and Budget, KCEO  
Gwen Clemens, ABT Program Deputy Sponsor, DES  
Mike Herrin, ABT Program Manager, DES  
Michael Woywod, Chief of Staff, Metropolitan King County Council (MKCC)  
Jennifer Giambattista, Policy Staff, MKCC  
Pat Hamacher, Policy Staff, MKCC  
Robert Fuller, Senior Associate, Pacific Consulting Group, Inc.

Appendix 1 – Statement of Scope, Objective & Methodology

Appendix 2 – Glossary of Terms

Appendix 3 – ABT Program Governance Structure

Appendix 4 – ABT Project Information

Appendix 5 – Excerpts from the ABT Finance Project Scope Management Plan

Appendix 6 – Planned vs. Actual ABT Program Expenditures by Month

## APPENDIX 1

### Statement of Scope, Objectives & Methodology

The Capital Projects Oversight Program (CPO) was established within the Auditor's Office by the Metropolitan King County Council through Ordinance 15652 in 2006. Its goal is to promote the delivery of capital projects in accordance with the County Council approved scope, schedule, and budget and to provide timely and accurate capital project reporting.

As part of its 2012 work program, the King County Auditor's Office has continued ongoing oversight for the Accountable Business Transformation, the \$86.6 million program to replace the County's enterprise human resources, payroll, finance, and budget information systems and streamline county business processes. This report concludes CPO's oversight, which began in 2007.

#### Final Oversight Report Scope and Objectives

The objectives for the Accountable Business Transformation Program final oversight report are to: (1) assess whether the ABT Program vision was achieved; (2) document ABT scope, schedule, and budget results; (3) compile and document lessons learned from ABT that could be useful for future information technology projects or other countywide endeavors; and (4) document work left to do and make recommendations for the future.

#### Methodology

To achieve the objectives noted above, CPO considered the information gathered, analyses conducted, and observations from our oversight conducted since 2007. This work is documented in a due diligence report originally published in September 2008, and 13 quarterly reports to County Council between March 2009 and April 2012. This work included briefings to County Council committees on seven occasions.

When conducting ongoing oversight of the ABT Program, CPO's methodology included:

- Convening monthly meetings with a working group of staff from the ABT Program, KCAO, County Council, and Office of Management and Budget (OMB) with agendas covering project progress, emerging issues, schedule and budget monitoring, risk management, and other timely topics.
- Reviewing and conducting independent analysis where appropriate on the formal reports, resource-loaded schedules, earned value analysis, and other products prepared by the ABT Program.
- Coordinating our oversight efforts by reviewing the reports of the quality management consultant, PCG. Convening meetings to discuss the reports with the consultant and deputy program sponsor when needed.
- Coordinating our oversight efforts by reviewing reports to and from the Project Review Board (PRB), and attending PRB meetings when ABT Program actions were on the agenda.

For the final oversight report, CPO's methodology included:

- Meeting with the ABT Program Sponsor, on May 11 and May 14, 2012 to learn the results, as documented by the Quality Management (QM) consultants, of two working sessions held in March with the ABT team to discuss lessons learned during the planning and implementation of ABT.
- Surveying the ABT Single Points of Contact (SPOC) or members of the ABT Operations and Change Management Committee. The survey was conducted between June 8, 2012 and June 27, 2012 using Survey Monkey. Twenty-two anonymous responses were received out of 28 sent for a response rate of 79 percent.

## APPENDIX 1 (continued)

- Surveying ABT Implementation Team and Program Management Office. The survey was conducted between June 19, 2012 and June 29, 2012 using Survey Monkey. Twenty-four anonymous responses were received out of 39 sent for a response rate of 62 percent.
- Surveying Special Districts (fire, school, utility, etc.). The survey was conducted, by email, between July 10, 2012 and July 16, 2012. Thirteen responses were received out of 33 randomly selected agencies for a response rate of 39 percent.
- Conducting outreach to Information Technology (IT) industry experts (King County Information Technology director and lead staff person to the Project Review Board, the independent Quality Management consultant, ABT External Advisory Committee members, representatives from Oracle familiar with the County's implementation of Hyperion Planning, PeopleSoft and EBS Financials). Responses were sent via email or phone interview. Of the 11 contacted, nine provided input for an 82 percent response rate.
- Conducting outreach to the Performance Management Work Group (PMWG). Received input from a questionnaire distributed at the July 25, 2012 PMWG meeting and emailed the questionnaire on July 31, 2012.
- Conducting outreach to ABT Leadership Team by email. Received input from an email survey sent on July 20, 2012.
- Conducting in-person interviews of ABT Business Owners during August 2012.
- Interviewing the deputy county executive regarding the Performance Management Project in August 2012.
- Researching relevant IT literature.

### Statement of Compliance with Government Auditing Standards

Capital projects oversight work is not a performance audit. It is considered a non-audit service, and as such, we conducted ongoing oversight and prepared this final report in accordance with KCAO's policies and procedures for work when compliance with Generally Accepted Government Auditing Standards (Yellow Book) is not applicable.

### Past reports

The King County Auditor's Office published several oversight reports since 2005, including a due diligence review of the cost benefit analysis of the ABT Program in September 2008, and 13 quarterly reports between March 2009 and April 2012. Click on the link below to read ABT past reports:

<http://www.kingcounty.gov/operations/auditor/ABT%20Reports.aspx>.



## APPENDIX 2

### Glossary of Terms

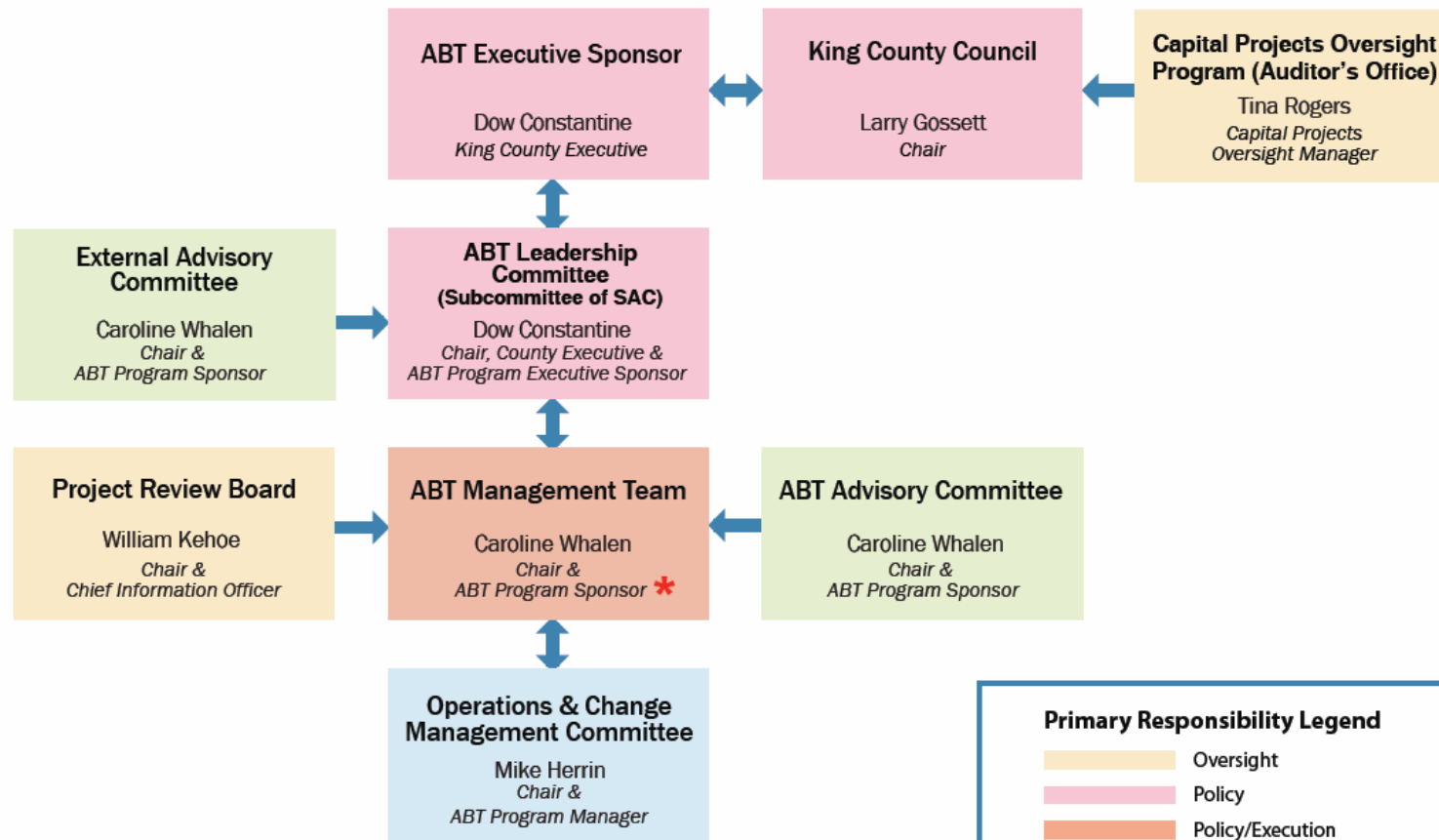
<b>ABT</b>	The Accountable Business Transformation Program is the County's effort to develop new business processes and systems for its human resources, payroll, finance and budget functions. There is a fifth component for a countywide implementation plan for performance management.
<b>BRC</b>	The Business Resource Center, the organizational unit responsible for the operation and maintenance of the ABT systems.
<b>CIBER</b>	The consulting firm responsible as the system implementer on the HCM, PTL, and Finance components of ABT.
<b>DIP</b>	The Detailed Implementation Plan for ABT was prepared by CIBER, Inc.
<b>EBS</b>	Oracle's E-Business Suite of application software. ABT utilizes the financial management applications of EBS.
<b>ERP</b>	Enterprise resource planning systems integrate internal and external management information across an entire organization.
<b>FBOD</b>	King County's Finance and Business Operations Division of the Department of Executive Services. It performs accounting, financial management, payroll, procurement, contracting, and treasury services for the county.
<b>FTE</b>	Full time equivalent worker or employment position.
<b>GO LIVE</b>	The term used for the date on which a new system first becomes operational.
<b>HCM</b>	Human Capital Management is the name of the ABT project for the human resources and benefits information system.
<b>HRD</b>	Human Resources Division in the King County Department of Executive Services. It is the business owner of the human resources and benefits components of HCM
<b>HYPERION</b>	The Oracle application for budgeting, forecasting, and financial planning.
<b>OLR</b>	The King County Office of Labor Relations negotiates, implements, and administers over 70 labor agreements covering the terms of employment for the County's approximately 11,000 represented employees.
<b>ORACLE</b>	Oracle is a large multinational software vendor of a wide array of applications that integrate business process functions.
<b>PCG</b>	The Pacific Consulting Group, based in Seattle, WA*, served as the Quality Management consultant on the ABT project.
<b>PEOPLESOFT</b>	An Oracle application that provides human capital management, financial management, and other services.

\*Corrected from Portland, OR to Seattle, WA on September 26, 2012.

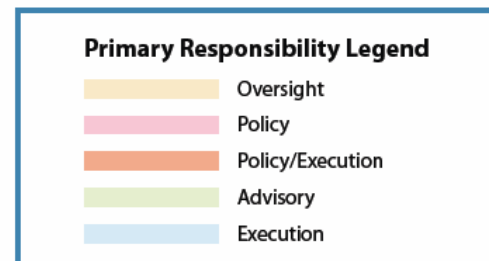
## APPENDIX 2 (continued)

<b>PSB</b>	Office of Performance, Strategy and Budget, King County Executive Office
<b>PTL</b>	Payroll, Time, and Labor is the name of the ABT project for the payroll and time entry system.
<b>QM</b>	Quality Management is the term used for the independent quality assurance process in ABT, performed by the Pacific Consulting Group.
<b>RFW</b>	Requests for work is the term given to formal applications for technical assistance.
<b>SAP</b>	SAP stands for Systems, Applications and Products in data processing, which makes enterprise software to manage business operations and customer relations.
<b>SHAREPOINT</b>	A Microsoft Office software that enables users to establish websites to share information with others.
<b>TLT</b>	A term-limited temporary employment position in King County.

# ABT Program Governance Structure



\* Pacific Consulting Group is the ABT Program's quality assurance, reporting directly to the ABT Program Sponsor.



# ABT Program Governance Structure

(Committees and Members List)

## Executive Sponsor:

- Dow Constantine, *King County Executive*

## King County Council:

- Larry Gossett, *Chair*
- Jan Drago
- Reagan Dunn
- Bob Ferguson
- Jane Hague
- Kathy Lambert
- Julia Patterson
- Larry Phillips
- Pete von Reichbauer

## ABT Leadership Committee:

- Dow Constantine, *Chair, County Executive and ABT Program Executive Sponsor*
- Larry Gossett, *County Councilmember*
- Lloyd Hara, *County Assessor*
- Sherril Huff, *Director of Elections*
- Kathy Lambert, *County Councilmember*
- Barbara Linde, *Presiding Judge District Court*
- Richard McDermott, *Presiding Judge Superior Court*
- Susan Rahr, *County Sheriff*
- Dan Satterberg, *County Prosecuting Attorney*

## ABT Management Team:

- Caroline Whalen, *Chair and ABT Program Sponsor*
- Rhonda Berry, *KCEO, Assistant County Executive*
- Dwight Dively, *KCEO, OMB Director*
- William Kehoe, *KCEO, Chief Information Officer*
- Gwen Clemens, *ABT Deputy Program Sponsor*

## ABT Advisory Committee:

- Caroline Whalen, *Chair and ABT Program Sponsor*
- Rhonda Berry, *KCEO, Assistant County Executive*
- Dwight Dively, *KCEO, OMB Director*
- William Kehoe, *KCEO, Chief Information Officer*
- Gwen Clemens, *ABT Deputy Program Sponsor*

Six high-level staff appointed by each independently elected official:

- Bill Adams, *DE, Business Finance Officer*
- Tricia Crozier, *KCDC, Chief Administrative Officer*
- Robin Fenton, *SHERIFF, Chief Technical Services*
- Pat Hamacher, *KCC, Senior Legislative Analyst*
- John Wilson, *DOA, Administrative Services Director*
- Leesa Manion, *PAO, Chief of Staff*
- Paul Sherfey, *KCSC, Chief Administrative Officer*

## Capital Projects Oversight Program (Auditor's Office):

- Tina Rogers, *KCC, Capital Projects Oversight Manager*
- Ron Perry, *KCC, Deputy County Auditor*
- Bob Thomas, *KCC, Senior Principal Management Auditor*

## Project Review Board:

- William Kehoe, *Chair, KCEO, Chief Information Officer*
- Rhonda Berry, *KCEO, Assistant County Executive*
- Caroline Whalen, *ABT Program Sponsor*
- Dwight Dively, *KCEO, OMB Director*

## ABT External Advisory Committee:

- Caroline Whalen, *Chair and ABT Program Sponsor*
- Tom Parma, *Policy and Oversight Manager for the Washington State Department of Information Services*
- Veronica Pessin, *Managing Director (IT) at Alaska Airlines*
- Bill Schrier, *Chief Technology Officer, City of Seattle*

## ABT Operations & Change Management Committee:

Representation Required by Charter:

- Mike Herrin, *Chair and ABT Program Manager*
- Ken Guy, *DES, FBOD Division Director*
- Gwen Clemens, *ABT Deputy Program Sponsor*
- Nancy Buonanno Grennan, *DES, HRD Division Director*

Office Representation Required by Charter:

- Christine Chou, *KCEO, Business and Finance Manager*
- Jim Walsh, *KCEO, OMB Senior Financial Analyst*

Executive Branch:

- Teresa Bailey, *DJA, Deputy Director*
- John Bodoia, *DNRP, Chief Financial Officer*
- Warren Cheney, *DDES, Chief Financial Officer*
- Laura Federighi, *DPH, Revenue Unit Manager*
- Jill Krecklow, *DOT, Finance and Administrative Services Manager*
- Marty Lindley, *DCHS, Business Director*
- Pat Presson, *DAJD, Finance Manager*
- Michael Strouse, *DES, Administrator*

Independently Elected Organizations:

- William Adams, *DE, Business Finance Officer*
- Mark Buening, *PAO, Budget Director*
- Steve Davis, *KCSC, Administration*
- Tim Ferguson, *SHERIFF, Chief Financial Officer*
- Pat Hamacher, *KCC, Senior Legislative Analyst*
- Tara Cook, *KCDC, Payroll Manager*
- Richard Watson, *DOA, Administrative Services Division Director*

APPENDIX 3 (continued)

ABT Project Name	Project Goal	System Software and Version	System Implementer	System Business Owner	Legacy Systems
Human Capital Management (HCM) Project	Implement system of record for human resources and benefits	PeopleSoft HCM version 9.0 (commonly referred to as PeopleSoft)	Ciber, Inc.	Human Resources Division	1. PeopleSoft version 8.9 (for former Metro agencies and the Department of Executive Services) 2. MSA (for county agencies)
Payroll, Time and Labor (PTL) Project	Implement system of record for employee time entry and payroll warrants	PeopleSoft HCM version 9.0 (commonly referred to as PeopleSoft)	Ciber, Inc.	Finance, Business and Operations Division (FBOD)	1. PeopleSoft version 8.9 (for former Metro agencies and the Department of Executive Services) 2. MSA (for county agencies)
Finance Project	Implement finance system of record	Oracle E-Business Suite (Financials) version R12.1.3 (commonly referred to as Oracle EBS)	Ciber, Inc.	FBOD	1. IBIS (for former Metro agencies and the Department of Executive Services) 2. ARMS (for county agencies)
<b>Budget Project:</b>					
Budget System	Implement budget system of record	Oracle Hyperion Planning and Budgeting version 11.1.2 (commonly referred to as Hyperion)	Business Technology and Resource Group, Inc.	Office of Performance, Strategy and Budget (PSB)	None comparable, but EssBase was used along with various tools over time.
Performance Management Project	Develop countywide performance management implementation plan	To be determined	None	PSB	None
Benefits Realization Plan	Establish expected benefits and responsibilities for monitoring achievement of benefits	None	None	PSB	Not applicable

## APPENDIX 5

### Excerpts from the ABT Finance Project Scope Management Plan

This appendix contains excerpts from a scope management plan that ABT produced on August 16, 2010. The purpose of the plan was to identify recommended scope changes to the Finance Project to address schedule slippage and resources. The excerpts are provided here for reference. ABT has noted some departures from the plan in the areas of procurement and workflow approvals.

#### Scope Reductions

The following areas have a scope reduction recommendation:

- **iSupplier** - This is a module in Oracle EBS designed to provide suppliers a way to enter invoices directly, view the status of payments and to update their profiles. The recommendation is to remove iSupplier from ABT scope, deferring the implementation of this functionality until after ABT.
- **Procurement Punch Outs** - This is the functionality to allow an iProcurement user to “punch out” to a supplier’s site and select items for purchase and then bring that information back into the Oracle Financials requisition. The recommendation is to restrict the implementation of punch outs to two vendors currently supported by “punch outs” in the County’s IBIS financial system, and over time the county can add more vendors.
- **Grants and Awards** - The intent was to have the Oracle Financial system manage the many grants and awards in the County. There are many relatively simple grants and awards where there is a one-to-one relationship between the award and a project. Those will be implemented. However, there are many grants and awards that have complex funding patterns that in some cases are used in a “flexible” manner causing great complexity in systems set-up and business process. The recommendation is to implement only simple to moderate awards’ structures. Complex awards will be deferred until after the county has more experience working with Oracle Grants.
- **Progress Payments and Retainage (Procurement Services)** - Oracle has functionality in the system that supports the very complex consulting, construction and service contracts that require milestone and progress payments and effective retainage management. After considerable analysis and prototyping, we determined that the functionality does not work as required, in part because the county is implementing the project-centric model. The recommendation is to not implement Procurement Services at this time. The Finance Project Team has identified work-around solutions, and is also waiting for a fix from Oracle and implement post-ABT Program.
- **Approval Management Engine (AME)** - AME is a utility in the Oracle Financial system that provides approval workflows for requisitions and iExpense. It requires establishing a hierarchy architecture for the approvals and then identifying the departmental positions that fit into the hierarchy. The recommendation is to keep the initial design simple. More complex models could be considered over time by the county as experience is gained with AME and the related maintenance requirements.

#### Scope Increase

- **Inventory** - The ABT Program increased the Finance Project’s original scope by adding the Public Health inventory. The scope increase was identified as high value to the customer, Department of Public Health (DPH). DPH has been very committed to this effort and have assigned resources to complete its portion of the work. This scope increase does not impact the project’s overall schedule.

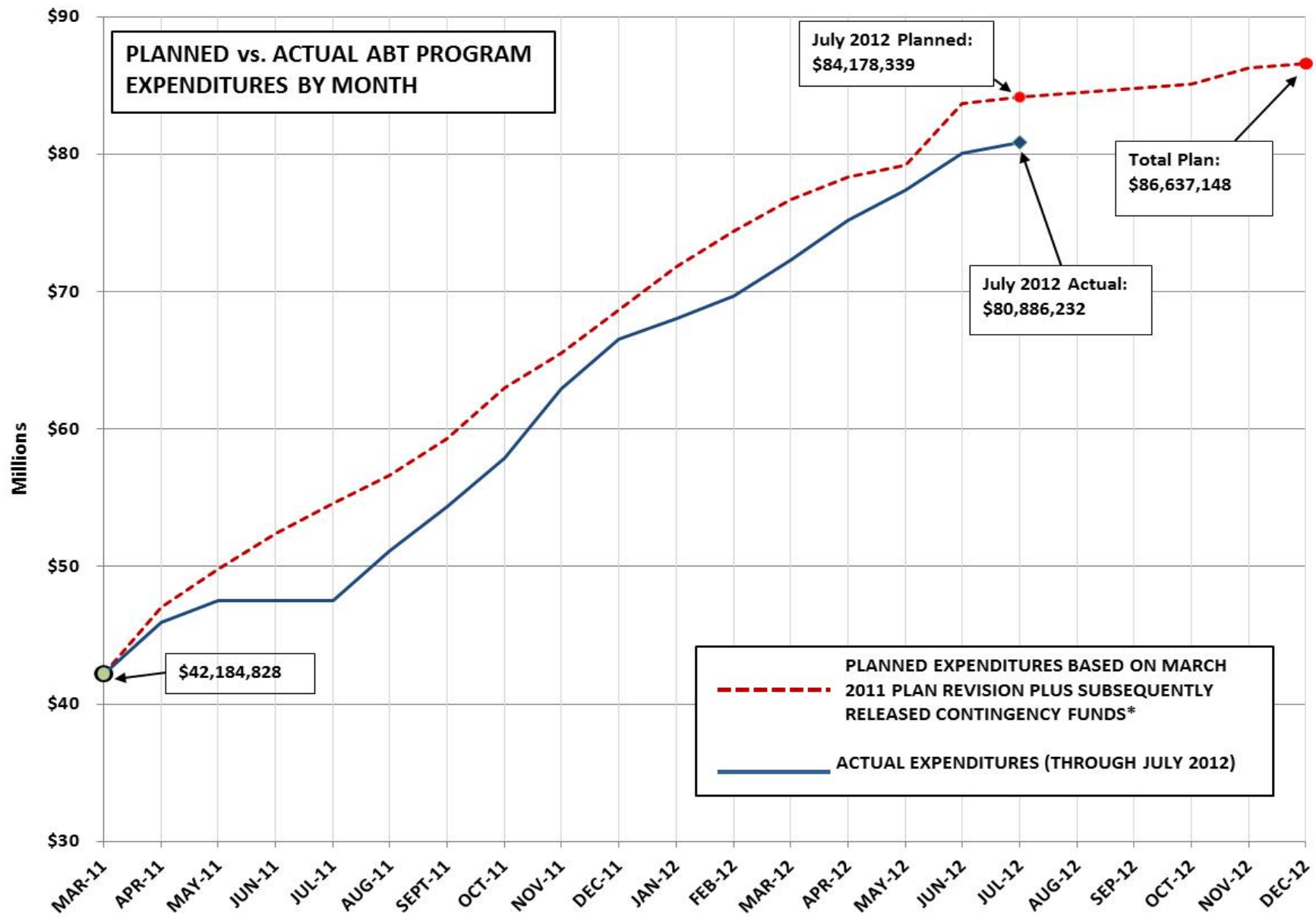
## APPENDIX 5 (continued)

- **E-Business Tax** - Oracle introduced new mandatory functionality called E-Business Tax which supports Purchasing, Accounts Payable and Accounts Receivable. This all new module in Release 12 of Oracle E-Business Suite (EBS) replaces similar functions formerly found in the application but requires complex, up-front configuration and knowledge of the new module.
- **Cash Management** – The Oracle Cash Management module is essentially a bank reconciliation tool. The Oracle functionality assumes that all of the transactions are created in Oracle. Because the county is the treasurer for about 120 agencies and some of them create their own transactions, the Oracle module will not work as delivered for the county. The ABT Cash Management Team recently completed the design of the new Cash Management process and presented it to FBOD and Treasury in early June. There are extensive customizations (1040 hours) required to support the design. The recommendation is to move forward with the development and to put in place an extra test cycle to properly validate the functionality. This test cycle should also include Treasury system integration testing as well. The CIBER development hours can be accommodated without a contract increase by use of an unallocated development reserve and development reassignments.
- **Capacity Charge** - Capacity Charge is a customer service and utility billing component that was previously created inside of IBIS enabled through numerous customizations in IBIS. The original Fit/Gap document acknowledged Capacity Charge to some degree, but did not include all of the components required to support the Department of Natural Resources and Parks (DNRP) business requirements. A solution design has been identified, estimated at 644 hours of CIBER development. The recommendation is to proceed with this development and work with DNRP to plan for the testing of this functionality including resource requirements for testing.

### Scope that remains Unchanged

For the most part, the scope of the Finance Project remains intact and unchanged. When implemented, the Oracle Financial system will become the financial system of record for the county. The following modules continue with the previously planned scope:

- |                     |   |
|---------------------|---|
| ➤ Accounts Payables | ➤ Accounts Receivables  |
| ➤ iExpense          | ➤ Advanced Collections (part for dunning letter process only) |
| ➤ Purchasing        | ➤ Procurement Intelligence                                    |
| ➤ General Ledger    | ➤ Discoverer (reporting tools)                                |
| ➤ Fixed Assets      | ➤ BI Publisher (reporting tools)                              |
| ➤ Projects          | ➤ Labor Distribution – EBS side of the solution               |
| ➤ Order Management  |   |



\*Contingency funds were released on two occasions after ABT's March 2011 revision to the expenditure plan. CPO distributed these amounts (\$2 million in October 2011 and \$464,760 in March 2012) proportionately to the remaining months in the expenditure plan.