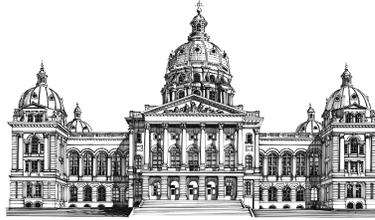

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I/3 System Review

ISSUE

This *Issue Review* provides an update on the Integrated Information for Iowa (I/3) Budget and Financial System.

AFFECTED AGENCIES

Executive Branch Agencies

BACKGROUND

The I/3 System is a web-based enterprise resource planning system with a single entry point for State budget, finance, e-procurement, human resources, payroll, and benefits information. The System was created to replace the Iowa Finance and Accounting System (IFAS), and to eliminate many redundant systems and manual processes. The Department of Administrative Services (DAS) selected CGI-AMS through a competitive procurement process to complete the project, and is a well-known company in the government software industry in Montreal, Canada.

The implementation of the I/3 System has multiple phases to it. The Budget System was the first phase, and went online in September 2003. The Budget System is used for budget formulation, performance measurements, analysis and reporting of the State budget. This part of the System is administered mainly by the Department of Management (DOM) with State agencies submitting budget requests through the System.

The second phase, the Financial System, came online in June 2004. The System was designed for a wide range of government financial management functions, including general accounting, procurement, budget control, accounts receivable, accounts payable, cost accounting, and fixed assets.

The third phase of the project, which was suspended by DAS in fall 2005, was the Human Resources/Payroll System. This System will assist in the recruitment, management, and payroll of employees. The System is on hold until more functionality can be developed and the System is more stable. The State must make a decision by June 2008 on whether to implement the HR/Payroll portion of the System or another alternative.

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CURRENT SITUATION**Financial System**

The I/3 Financial System was last updated in early September 2005. The DAS and CGI-AMS are working together to provide a reliable and stable system for users. Some of the features within the software and process are: an online reporting tool for users, improvements to the nightly cycle, changing the process of the data storage retrieval system, monitoring tools, and documentation of system processes. The online performance reporting tool also allows users to immediately report any online performance problem that will assist in more timely resolutions of problems. The information related to the problem is also stored in a database for analysis. The DAS reports the improvements in the nightly cycle have resulted in the System and Data Warehouse being available to users on a more consistent basis. The data storage retrieval has changed to allow for more efficient storage and retrieval of data and this has improved both the nightly cycle and the online performance for users during the day. The DAS is currently in the early stages of planning an upgrade to the I/3 Financial System and the Data Warehouse. The estimated completion date for this is fall 2007.

Vendor Self Service (VSS)

Vendor Self Service is a feature that will provide vendors with better access and greater flexibility in receiving notifications of bids and assist in submitting bids for State contracts. Vendor Self Service will include the ability to provide online vendor registration, send automatic bid notifications to vendors for bid opportunities, allow vendors to submit bids online, and will be able to track all responses electronically. The DAS is currently working on implementation of VSS.

Subject Matter Experts

Subject Matter Experts were first funded in the FY 2007 Administration and Regulation Appropriations budget. The Experts are functional staff who are responsible for the following:

- Act as a help desk for users including answering questions and resolving problems on a daily basis.
- Understand, develop, and implement additional and new functionality available in I/3.
- Assist in prioritizing and resolving non-critical issues to improve functionality and usability.
- Play a leading role in evaluating current business practices and implement process improvement initiatives to improve efficiency.
- Develop and provide training for new users, as well as advanced training for advanced users.

Subject Matter Experts are currently working on a variety of projects, including:

- Developing an on-going training program for new and existing users.
- Developing a new interface process that will simplify nightly cycles processes and upgrades, as well as provide integration between department program applications and I/3.
- Developing a process to determine out-of-sync conditions related to data. Additionally, working with I/3 technical staff to run system assurance reports on a regular basis so that out-of-sync conditions can be identified and resolved on a more timely basis.
- Assisting in resolving issues that have been identified as top priority issues.

- Implementing additional functionality included in the base product, which the State is not currently using.

Budget System

The I/3 Budget System was last updated in February 2006. Departments have submitted their budgets for two years on the Budget System and the DOM continues to train other departments to assist them in using the System more efficiently. The DOM employs a full-time I/3 Administrator responsible for the execution and continued implementation of the System.

SYSTEM ISSUES AND CHALLENGES

The I/3 System has experienced problems as the System has been implemented. There continues to be significant down time for both the Financial System and the Data Warehouse due to errors that occur during the nightly cycle process. These errors generally cause the System to be unavailable for State employees to use for several hours in the morning, but at times, the System has been unavailable for the majority of the day.

It remains difficult for users to access information from the I/3 Data Warehouse. When the System was first proposed, one of the main selling points was that anyone with access could log on and view financial or budget information. This has not been the case. For users to take full advantage of the System, extensive training is necessary and not readily available.

ALTERNATIVES

If the General Assembly chooses to move away from the I/3 System, it will require another significant capital investment and starting the process of developing software for a State budget and financial system again. The State's needs for a budget and financial system are unique enough that it would be difficult to select a software package that is in current production.

BUDGET IMPACT

The State saved significant funds compared to other states that have undertaken similar projects. In August 2000, an Enterprise Resource Planning (ERP) study estimated the total costs to complete the project at \$42.0 million. The initial contract with CGI-AMS was \$9.4 million; however, with amendments the contract has increased to \$11.1 million. Other states have either estimated or already spent the following on implementation of similar systems:

- Tennessee – In the planning stages, has conservatively estimated ERP system costs at \$97.0 million.
- Arkansas – Legislative Joint Auditing Committee estimates ERP system costs at \$61.0 million.
- Missouri – Has already spent \$65.0 million by the Office of Administration and the Department of Transportation.
- Massachusetts – Estimates ERP system costs at \$64.0 million.

The State was able to achieve significant cost savings in implementing this System because of an agreement with CGI-AMS to be a testing site. Under the agreement, CGI-AMS can test certain software features in the State and in return the State receives discounts.

The General Assembly has appropriated \$13.6 million for the project and the unspent balance of the Fund is \$2.8 million. The balance is obligated to remaining work on the Vendor Self Service System assurance reports, finance upgrades, and redevelopment of the finance data warehouse to reflect a true data warehouse structure. The General Assembly appropriated funding for the project from FY 2003 through FY 2005. In total, \$13.6 million was appropriated, with funding appropriated from tobacco settlement funds.

Annual costs of maintaining the I/3 System are approximately \$4.6 million. In FY 2006 and FY 2007, the System was supported through a combination of billing State departments, balances carried forward, and Pooled Technology or Innovation Fund loans. For FY 2008, the DAS is requesting \$2.4 million, which will be distributed between the departments to pay for the System. Departments will be billed the remaining \$2.2 million by rates set by the DAS, which are set by the I/3 Customer Council. Starting in FY 2009, 100% of the annual operating costs of I/3 will be billed to the departments.

In addition to the cost of maintaining the I/3 System, the DAS received an appropriation of \$788,000 for eight Subject Matter Experts in FY 2007. This will continue to be an annual budget request.

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I/3 System Review

<http://www.legis.state.ia.us/lsadocs/IssReview/2007/IRJRB000.PDF>

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