
Department Review of



Reimbursable Transactions

March, 2001

CITY OF MILWAUKEE



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March 19, 2001

Common Council
City of Milwaukee
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Dear Council Members:

As part of the 1999 audit engagement of the City of Milwaukee (the City), KPMG performed a review of the City's reimbursable transactions to help the Common Council understand the reimbursable process and consider actions to improve the effectiveness and efficiency of the process.

Our report consists of this letter summarizing our observations and improvement opportunities which is then supported by our detailed observations and findings found on pages 8-26 of this report.

Background

The Reimbursable Service Advance Fund (reimbursable fund) serves as a mechanism for advancing funds to various city departments to pay for services and materials which will subsequently be reimbursed through tax-levy and non-tax levy funding sources. These funds must be appropriated by Common Council resolution.

Funding for this account is provided by the temporary transfer of general city funds in accordance with Section 925-130a, Wisconsin Statutes 1919. (General city funds are then reimbursed from revenues received from interdepartmental billings.) This mechanism is also used to address greater than expected expenses when related to the generation of additional revenue.

We noted that the Common Council has appropriated \$50,000,001 in annual spending authority for reimbursables over the past ten years.

Improvement Opportunities

As a result of our review, the City should consider the following actions to improve the effectiveness and efficiency of the reimbursable process:

- Reduce the number of allowable transactions from the reimbursable fund
- Issue invoices for reimbursable projects on a progress basis as opposed to when the project is complete
- Consider developing a standard cost system for generating invoices



The following is an overview of our observations and improvement opportunities:

I. Budget Process

> Observations:

There does not appear to be adequate budgetary controls over the activity within the reimbursable fund. On an annual basis, the reimbursable transactions are budgeted and approved in total without a review of how these dollars are to be spent. There is not a budgetary review nor budgetary approval of any of the specific transactions that are processed through the reimbursable fund.

Improvement Opportunity:

Establish budgetary controls (i.e., review and approval) over the transactions that make up the annual budgeted reimbursable activity.

II. Types and Number of Reimbursable Transactions

> Observations:

The City of Milwaukee accounts for more types of activities through the reimbursable fund than other comparable municipalities. Generally, the City accounts for the following types of transactions within the reimbursable fund:

- ▼ Damage to public property (including street lights, traffic lights and other property damaged by private citizens and contractors)
- ▼ Energy charges for City departments
- ▼ Energy charges for other municipalities
- ▼ Improvement work performed for other City departments
- ▼ Minor office moves
- ▼ Minor office maintenance
- ▼ Telephone charges
- ▼ Work performed for contractors and other municipalities

Based upon conversations with City staff and our review of the reimbursable transactions backlog, the workloads of individuals handling the reimbursable activity seem excessive. Reducing the number of transactions processed would save significant hours of human resources.

Improvement Opportunities:

Reduce the types and number of reimbursable transactions by:

- ▼ Establishing responsibility for space moves, maintenance, and improvement work with individual City departments to reduce a significant number of transactions. This activity should be budgeted in the applicable City department performing the work.
- ▼ Removing damage to public property activity completely from the reimbursable fund. This activity should be budgeted within the applicable City department responsible for the repair.
- ▼ Work performed for outside parties (contractors and other municipalities) should be removed from the reimbursables fund. This activity should be budgeted and recorded in the applicable City department performing the work.
- ▼ Energy charges for other municipalities should be charged directly to the other municipalities. The City needs to work with the various utility companies to have the billing corrected so that the City is not charged for other municipalities energy uses.
- ▼ Arranging for electronic billing for telephone services which can then be distributed/allocated electronically to the appropriate City departments.

In order to implement some of the improvement opportunities in this area, the City will need to work through the Expenditure Restraint Program issues with the State of Wisconsin, Department of Revenue.

III. Billings to Contractors and Other Municipalities**➤ Observations:**

As noted above in item II, the City records work performed for contractors within the reimbursable fund. These charges are currently being billed to the responsible party after all of the work is complete and the City has generated the appropriate documentation. There are no procedures in place to ensure that the billings for the reimbursable projects performed for outside parties are performed on a timely basis.

Improvement Opportunities:

- ▼ The reimbursable projects performed for contractors and other municipalities should be billed on a progress basis in order to improve the cash flow of the City.
- ▼ Procedures and controls need to be developed and implemented in order to ensure that billings to outside parties are performed in a timely manner.

IV. Oversight Committee to Address Reimbursable Processing and Information System Issues

➤ **Observations:**

During the review of the reimbursable transactions, it became very clear that there are some significant process and information system issues that need to be addressed in order to allow the City to successfully implement the other improvement opportunities suggested in this report.

We believe that our observations in this area need to be addressed in a thoughtful manner by an oversight committee consisting of representatives from the Budget Office, Common Council, Comptroller's office, Department of Public Works, and Information Technology.

There is an initial, significant decision that needs to be addressed by the oversight committee:

Continue with the current approach of specifically costing out each job based upon actual time and materials or implement a standard costing approach?

Many of the observations noted below would not be critical to the improvement of the reimbursables process if a standard costing approach is taken. The decision of whether to continue to accumulate actual time and materials or to use a standard cost system is a significant decision that should be made with all of the impacted departments' input.

A standard costing system is a methodology by which the City would be able to estimate the cost of completing the work for individual work orders based upon the estimated necessary (or standard) time and materials. In order for the City to implement such a system, the City would need to develop the necessary costing standards based upon historical costs. An example of a standard cost application would be as follows: The City has a work order to fix a light post. Instead of tracking the specific time and materials to repair that light, the City would charge a standard charge for the light post repair.

Our detailed observations relating to processing and information system issues follow:

The current lack of automation and tracking mechanisms do not allow for the most efficient or effective internal controls or management oversight over the reimbursables process. Internal control and other deficiencies noted include:

- ▼ No procedures in place for reporting changes in the scope of the project when additional work is identified in the field.
- ▼ No automated process to determine status within or among departments except by reviewing many paper documents (there is no trail of movement of the paper documents between departments).

- ▼ Current use of the PeopleSoft system by City departments does not include the tracking of invoices sent to other departments (IRIs).
- ▼ There is minimal management oversight of the status of work orders due to the lost functionality of the work order tracking and/or a lack of understanding the new system's reporting capabilities.
- ▼ Data is being entered/recorded (through the use of manual notes, spreadsheets and the FMIS system) up to eleven different times (see page 18) due to the lack of a front end data entry application.

The new PeopleSoft system does not seem to offer the same functionality as the old system although it does offer different functionality. There appears to be a need for more training to improve the City employees' knowledge of the actual functionality of the new system. As a result, the following items were noted:

- ▼ Increased backlogs in processing and billing negatively effecting cash flows.
- ▼ Many system components used to track projects were lost with the new system (i.e., the old system allowed the entering of unbalanced entries – see page 22, the old system allowed a project to be broken down into multiple work orders – see page 23).
- ▼ There is not a budgeting module within the new system that would permit management review and reporting (monitor charges, compare accumulated totals to the estimated amount, etc.). There does appear to be some query reports that are available but many of the individuals that would benefit from these reports do not know how to run the reports or that they are even available (i.e., the standard project grant report for reimburseables provides budget to actual expenditures).
- ▼ Reporting capabilities of the new system are being underutilized.

Improvement Opportunities:

- ▼ Modifications to project scopes should be clearly indicated on work documents. When tracking is available for work orders, the ability to modify or annotate the work order by field personnel should be included.
- ▼ Implement a budgeting module for PeopleSoft to permit the needed management reporting. This would allow for a budget figure to be used to monitor actual charges by project. As noted above, the project grant report is available.
- ▼ Implementing a workflow system to allow for inter-department tracking and sharing of information as well as general management oversight of the status of the work orders.



- ▼ Build a front end or enhance PeopleSoft to enable the recording of information needed by DPW that is not needed by the Comptroller's office. Either modification will permit the information to be automatically maintained for letters, logs, work orders, invoices, etc.
- ▼ Recover lost functionality needs through improved training and support of the new PeopleSoft system. This should include enhancing data access of PeopleSoft.
- ▼ Develop a plan to reduce the backlog and stop the 'snowballing' effect caused by reduced functionality and staff reductions.

We have completed our engagement relative to the City's reimbursable process. We would like to thank the City for their assistance in the performance of this engagement.

Very truly yours,

Steven L. Pawlow
Partner

LHH:rs



Department Review Objectives

The objectives of the reimbursables business process review are to:

1. Understand the current process in place (the budget process, types of items accounted for and the process used to account for them).
2. Identify best practices of accounting for the transactions currently being accounted for through the reimbursables process.
3. Prepare improvement opportunities for the reimbursables process.



Background of Reimbursable Transactions

As part of the 1999 audit engagement of the City of Milwaukee, KPMG performed a Business Process Review of reimbursable transactions to determine how the reimbursable fund is budgeted, what items are charged using reimbursable accounting and the path taken by reimbursable transactions from request to final posting.

After understanding the budget process for the reimbursable advance service fund, determining the items that are charged using reimbursable transactions and reviewing the current business process, three other cities were contacted to obtain benchmark and best practice information. Denver was chosen because they were known to KPMG as having a streamlined accounting system. The Milwaukee Police Department identified Boston as a community to study because of similar demographics. Minneapolis was chosen because of its proximity to Milwaukee and the similarity in operations of its Department of Public Works.

It is important to provide a basic description of what constitutes a reimbursable transaction and how the City accounts for this type of transaction. The City records certain types of transactions through the reimbursable fund. A list of the most significant volume items follows:

- ▼ Damage to public property (including street lights, traffic lights and other property damaged by private citizens and contractors)
- ▼ Energy charges to City departments
- ▼ Energy charges for other municipalities
- ▼ Improvement work performed for other City departments
- ▼ Minor office moves
- ▼ Minor office maintenance
- ▼ Telephone charges
- ▼ Work performed for contractors and other municipalities

The reimbursable transactions amounted to approximately \$29,600,000 in 1999 and are accounted for as follows:

- Costs are accumulated in a reimbursable receivables account as work is performed.
- Amounts are credited out of/billed from the reimbursable account to the requesting department or the department or municipality receiving services after the project is completed.



Observations, Best Practices and Improvement Opportunities

The following describes the process, accounting and system issues that were discovered during the business process review. After each item is a description of best practices or common practices of other communities. A recommendation follows the best/common practices.

The recommendations put forth are the best known solutions within the scope of this analysis.

Further study of individual items may be advisable before taking corrective action. Emphasis should be placed on automation of the manual process steps beginning with functionality lost during system conversion.

I. POLICY LEVEL ISSUES

During the annual City of Milwaukee budget process, the reimbursables advance service fund is approved for the estimated annual dollar flow of activity (i.e., the fund is approved in total without the specific review of how these dollars are being spent). There does not appear to be any budgetary review nor approval of any of the specific transactions that are processed through the reimbursable fund.

Improvement Opportunities:

Establish budgetary controls (i.e., review and approval) over the transactions that make up the annual budgeted reimbursable activity.

II. TYPES AND NUMBER OF REIMBURSABLE TRANSACTIONS

The City of Milwaukee accounts for/charges more types of activities through the reimbursable accounts than other comparable municipalities.

Of the three municipalities interviewed, Minneapolis was most like Milwaukee in their use of reimbursables. They were also the ones that warned against this practice because of the problems they currently face trying to incorporate these activities back into the budgetary process. Boston and Denver use few reimbursable transactions. Denver described theirs as "practically non-existent."

In order to implement some of the improvement opportunities in this area, the City will need to work through the budget cap issues with the State of Wisconsin, Department of Revenue.

The following is a summary and brief description of the types of reimbursable transactions currently used by the City.



Observations, Best Practices and Improvement Opportunities

A. Minor office moves and maintenance

Currently, installing an electric outlet, moving cubicles or moving furniture and equipment from one office to another is charged through a reimbursable transaction.

Minneapolis manages property through "Lands and Buildings." Minor maintenance is accommodated through this department. Other departments pay rent plus services. The services are handled much like Milwaukee, as interdepartmental charges. Each department budgets their own services.

Boston has a "Property Management" (PM) department responsible for all building space, maintenance, cleaning and moving. Moves are limited. If an entire department or office moves, the department is required to arrange and pay for professional movers. Major construction is not performed by PM. Major renovation must be budgeted and paid for by the requesting agency. Police, fire, school and fleet maintenance are not serviced by PM. These groups are required to maintain their own facilities.

Denver has "Public Office Buildings" (POB) that provides the same services and facilities as the Boston Property Management department. Denver's POB does not service major public facilities such as Mile High Stadium, libraries, airport and cultural facilities (separately funded), but does service police, fire and fleet maintenance. Fleet maintenance was identified as a problem in Denver because of the size of the facility.

In all interviewed municipalities, if new office equipment or facilities (i.e., new cubicles) are purchased, the purchase and installation is funded by the acquiring department. Once installed, Property Management or Public Office Buildings will do maintenance and minor moves.

Improvement Opportunities:

Establishing responsibility for space, moves, maintenance and improvement work to individual departments would reduce the number of IRIs (invoice to a party within the City) processed. Because many of these IRIs are for small amounts of money (less than \$1,000), eliminating them provides an excellent opportunity to reduce costs.



Observations, Best Practices and Improvement Opportunities

B. Telephone

The City of Milwaukee receives many telephone bills per month from many different service providers. These bills are paid for by DPW Administration and then billed quarterly to user departments. User departments such as the Department of City Development (DCD) must further break down the bills to charge individual projects and groups. Approximately 55 IRIs and MARs (invoice to a party outside of the City) are generated to bill departments for phone bills every quarter. This is a semi-automatic function (macros) that generates appropriate documents. Gathering and entering the detail prior to using the semi-automatic function is a time consuming task.

Denver budgets City-wide voice, data, video, paging and cell phones through their Information Technology Division (ITD). Each department has their own line item in the ITD budget. Usage is separated by department for reconciliation, but payment is handled by ITD. Each department supervisor is provided a bill that they are required to reconcile. Any personal use is reimbursed to Denver. Denver has enterprise contracts with each provider. Each department then arranges for service under the enterprise contract.

Boston has an agreement with their telephone service provider whereby the detail of the phone bills are provided electronically for each department or project. A database of phone numbers and department is maintained by Boston. The database can also include projects. The telephone charges are then determined by matching electronic data from the telephone company to the information in Boston's database.

Improvement Opportunities:

The most attractive possibility is to approach the individual telephone service providers and determine if electronic billing information can be provided. When the renewal of the contracts is completed, preference could be given to those vendors offering electronic billing information. This combined with an internal database of phone numbers, departments and/or projects would provide a highly automated, accurate system for direct billing user departments.

An interim solution would be budgeting line items through a single department such as is done in Denver. Minneapolis bills phone service as a flat fee plus long distance. All payments are made by their Information Technology Division.



Observations, Best Practices and Improvement Opportunities

- C. Damage to public property including street lights, traffic lights and other property by private citizens and contractors

When a private contractor or citizen damages City property, a reimbursable transaction is used to record the damage and bill for the repair. A MAR is prepared and sent to the responsible party and/or their insurance company when the responsible party is known. MARs are tracked by a DPW computer system.

None of the three municipalities interviewed processed private citizen damage of public property through a reimbursable transaction. All used general funds with recovered costs being revenue for the department responsible for the repairs. Unrecoverable expenses (i.e., hit and run) are budgeted as well.

In Boston, there are separate operating funds for all street lighting related activity. They also have operating funds for signs and traffic lights. All repairs are processed through these operating funds and the recovery of damages is recognized as revenue to these funds.

Improvement Opportunities:

Remove these types of transactions from reimbursable transactions and account for them in the department responsible for the repair.

- D. Work performed for contractors or other departments including street cutting or other improvements

When contractors request services from DPW, DPW Administration activates a project number. A work request is produced and a fee is then collected from the contractor to cover the estimated costs. The costs of the project are accumulated in a reimbursable project number. After the work is completed, the contractor or department is final billed (difference between the up-front fee collected and the actual cost accumulated to complete the project).

All of the municipalities interviewed issue permits and the permit fees are collected under various methods. Minneapolis has a "Right of Way Management" department which is responsible for issuing permits and billing for repairs (i.e., street cutting). Minneapolis requires a deposit (described as "insufficient") for repairs/work requests. Boston requires the full budgeted cost of the repair to be paid before the permit is issued. If the cost is less than budgeted, a refund is paid. If it is more than budgeted, the contractor is sent an additional bill.



Observations, Best Practices and Improvement Opportunities

Denver does not have a department to perform this type of activity. They contract all street repairs and maintenance. Contractors are required to restore all city property to "original condition." Denver also expressed that they were "wrestling with this problem." Inspection of the work is covered by the permit fee. If the contractor fails to properly repair damage, they are sometimes forced into costly legal action or Denver is unable to recover the costs.

We did note that there are services provided to contractors, other municipalities and other outside parties that are not billed until the project and related paper work is completed. The City does not have any procedures in place to ensure that the billings for the reimbursable projects performed for outside parties are performed on a timely basis.

Improvement Opportunities:

The reimbursable projects performed for contractors and other municipalities should be billed on a progress basis in order to improve the cash flow of the City.

Procedures and controls need to be developed and implemented in order to ensure that billings to outside parties are performed in a timely manner.

Also see recommended system improvements. Moving these transactions from reimbursable transactions to general funds is recommended in the long-term.

E. City of Milwaukee energy

As with telephone bills, the process of allocating costs for energy is time consuming for the initial recording of information. Once the information is recorded in Excel spreadsheets, macros are used to generate worksheets for billing. The worksheets are attached to IRIs and MARs as supporting material. This is a manual effort.

Other municipalities include energy in their building budgets (Denver), or charge much like Milwaukee (Boston and Minneapolis). Boston and Minneapolis budget energy by department through internal service funds. Denver has a Public Utilities Department that is responsible for all energy related activity including street lighting and energy for public buildings.

Improvement Opportunities:

Additional automation could reduce the time required to produce the IRIs and MARs for energy cost distribution. This is a lower priority than other more manual process steps. Further automation is recommended under "System Issues."



Observations, Best Practices and Improvement Opportunities

F. Energy for other municipalities

Energy consumed by other municipalities is billed through Milwaukee.

Minneapolis was the only municipality interviewed that installed and/or maintained street lighting for other municipalities. When this occurs an assessment district is created to collect funds to avoid billing the other community. Denver and Boston do not provide services to other communities.

Improvement Opportunities:

Although this does not constitute a significant work effort, performing the billing detracts from more important work that could be done by DPW Administration. Responsibility for billing entities outside the City should be the responsibility of the entity providing the energy.

III. REIMBURSABLE TRANSACTIONS PROCESSING ISSUES

The reimbursable process suffers from two major problems. First is the number of items processed using reimbursable transactions. The second is the lack of and loss of automation. It is important to note that many of the policies and procedures followed to process reimbursable transactions under the old FMIS system are not applicable to the new PeopleSoft system (implemented effective January 1, 1999). These policies and procedures will need to be updated to conform to the new system.

The items processed are addressed above under "Types and Numbers of Reimbursable Activities." The lack of and loss of automation is addressed below under "System Issues." The following are process issues that are relatively minor in scope when compared to the other issues. As noted in the recommendations, these issues are better addressed by system improvements or accounting system changes rather than by process changes.

A. Modification of project work requested

When additional work is identified in the field there appears to be no procedure for reporting the change in scope. Often the project requestors are involved in the decision to modify the original request. DPW Administration is not notified and the request description is not modified. Because there is no record that a requestor was involved in the decision, all projects that appear to be outside the scope of the original request must be investigated. This is unnecessary work performed by DPW Administration.



Observations, Best Practices and Improvement Opportunities

Improvement Opportunities:

Modifications to project scope should be clearly indicated on work documents. This would permit those evaluating the accuracy of reported labor and materials to recognize increased scope and reduce the amount of investigation required.

When tracking is provided for work orders, the ability to modify, or at least annotate, the work order by field personnel should be included.

Implementing a workflow tracking system will help to allow for inter-department tracking and sharing of information between City departments as well as general management oversight of the status of the work orders.

B. Cost overruns

It appears that significant cost overruns can occur without a project being reviewed.

Improvement Opportunities:

Currently there is no budgeting module for PeopleSoft. There does appear to be some query reports that are available but many of the individuals that would benefit from these reports do not know how to run the reports or that they are available. We recommend that a budget figure (gross amount) be added to the PeopleSoft System to permit management review and reporting. When an estimate is provided, it would be possible to monitor the charges and compare the accumulated totals to the estimated amount. Until there is reasonable tracking, management oversight is limited or has limited value.

C. Workflow

There currently is no electronic means of moving work products within or among departments. There is no automated way to determine the status within or among departments except by reviewing many paper documents. DPW and related departments could greatly benefit from a workflow system, especially one that provided interoperability between groups/departments.

Improvement Opportunities:

Develop inter-department tracking, linked with FMIS data, to significantly increase the efficiency of information transfer and collection. A workflow system would enable information collection and tracking (see below).



Observations, Best Practices and Improvement Opportunities

D. Tracking

Intra and interdepartmental tracking needs to be improved. Currently, there is no trail of the movement of paper between departments (i.e., project papers). Because of the manual effort involved, work documents are not being tracked within departments or when the documents move between departments.

Improvement Opportunities:

Requests made for service should be electronically tracked. A workflow system (either the PeopleSoft workflow product or a stand-alone product interfaced to PeopleSoft) would enable work document tracking. Tracking can be accomplished by recording document movement outside of a workflow system, but a workflow system as recommended above would provide tracking information as a byproduct.

E. Management reporting

Available reporting capabilities of the current system are being underutilized. This is partially due to the need for additional training. The current procedure is to use online reporting capabilities or user developed queries. Because of limitations in the online reporting, limitations in the user query capability and the lack of knowledge of the capabilities of the system, online reporting has not adequately replaced the management reports that existed in the previous system.

Improvement Opportunities:

Reporting capabilities should be reviewed and a plan for regular reporting be developed. The difficulty in resolving this issue should not be underestimated. See "System Issues, Change Management."

IV. INFORMATION SYSTEM ISSUES RELATED TO REIMBURSABLE TRANSACTIONS

The current implementation of the FMIS system appears to have reduced the system functionality for several departments including at least DCD and DPW. Based upon our conversations with management and walk-throughs of the process, it appears that this reduction of functionality has resulted in significantly increased manual efforts and loss of tracking capabilities.



Observations, Best Practices and Improvement Opportunities

There is much to be learned by staff about the current and soon to be upgraded PeopleSoft software. The power of the system is being underutilized due to the lack of knowledge of the information available and the tools and techniques available to acquire information.

A. Change management

The capabilities of PeopleSoft were evaluated and discussed and decisions were made based upon anticipated functionality. It is our understanding that these decisions included reducing staff based upon anticipated operational efficiency. The operations of departments reliant upon the FMIS system appears to have been under estimated. Anticipated operational efficiencies have not been achieved because some functions performed by the "old" system are now missing from the FMIS system. Without automated functionality, manual effort has been increased. By reducing the staff and increasing the workload, the burden on the remaining staff has increased dramatically.

Improvement Opportunities:

- *Lost functionality needs to be recovered.*
 - *Accessibility to information needs to be improved through training and support. The difficulty with this part of the solution is that the staff is too busy to take time to learn everything that they need to learn. Support staff should be assigned to provide reports, queries, etc. as requested by departments that have lost functionality. Some of the lost functionality can be recouped with this approach and some promised functionality can be provided with this approach.*
 - *Changes to accounting procedures or other automated functionality (i.e., workflow) should be provided to recoup lost tracking for IRIs.*
 - *Tracking of job orders in Infrastructure needs to be restored.*
- *Proposed functionality needs to be delivered.*
 - *Workflow should be implemented to improve tracking and, if possible, reduce manual transfer of documentation.*
 - *If workflow is not implemented, some automated tracking functionality should be provided.*
 - *Management reporting for operational departments should be provided.*



Observations, Best Practices and Improvement Opportunities

- *Along with the recovery of lost functionality and delivery of proposed functionality there needs to be a significant effort put forth to stop the “snowballing” effect caused by reduced functionality and staff reductions. Through discussions with DPW Administration and the Comptroller’s office, we noted that the backlog of unbilled reimbursables within DPW was approximately \$7,000,000 in August, 2000. It would be ideal if temporary staff could be brought in to alleviate the backlog. Due to training and procedural issues that require knowledge of the environment, applying temporary staff to the problem would require more training and support than the current staff can deliver. The problem would likely worsen. This problem should be carefully researched and discussed with Public Works department heads and staff before implementation.*
- *Temporary staff could be considered for the following activities:*
 - *Answering telephones. During the catch-up period, DPW Administrative personnel should limit with whom they have direct telephone contact. Call backs could be scheduled for appropriate limited times.*
 - *If a simple temporary tracking capability were provided, the temporary staff could make entries that would result in minimal management reporting. Temporary tracking could be implemented for project documents and IRIs.*
 - *Similar simple temporary tracking capabilities could be provided to field operations. The field operations staff should not be expected to input data, but should be able to provide data to temporary input staff.*
 - *Simple management reports could be provided for items not resolved within an anticipated timeframe. The temporary staff could “track down” the work documents and update status. This would allow field staff to minimize their involvement with the current paper workflow.*

B. Redundant data entry

In DPW, similar information is entered up to 11 times. Not all of the same information is entered each time, but at least a subset of the same information is reentered. For example:

- a. DPW personnel are asked to perform service or are notified of damage. Basic information is recorded, often hand-written.
 - Could happen as a result of a police report of damage to a field office.



Observations, Best Practices and Improvement Opportunities

- b. DPW Administration is contacted and given information relative to the request or damage.
 - Hand-written notes are made by DPW Administration.
 - A typed description of requested work could be brought to DPW Administration. DPW Administration makes hand-written notes on the typed description.
- c. A project number is assigned
 - A brief description is recorded on a paper log, in a spreadsheet, etc. to reserve the project number.
- d. Project information is entered into FMIS.
 - Detail is entered into a "Description" field instead of in more useful fields like:
 - Location of work requested or damage
 - Bill to information (i.e., contractor, insurance company)
 - Insured person (for damage) and details such as policy number, police report identification, etc.
 - Description of work requested or damage (valid in current description field)
- e. A work order is created
 - Request or damage information is written or typed.
 - For field damage report via a Vehicle Damage Location Sheet, a blank work order is sent to the field office and they fill in appropriate information. Note that the field office also manually matches police reports with the work orders.
- f. A cost card is produced for internal DPW Administration tracking.
 - Information about the request or damage is typed on the card.
- g. A damage letter/intent to bill letter is created
 - Detail of the work/damage is typed into a boiler plate template.
 - Not done for requests.
- h. An envelope to mail the damage letter/intent to bill letter is created.



Observations, Best Practices and Improvement Opportunities

- i. A log entry that includes the description of the request and the project number is made.
 - The log is kept in numeric order.
- j. Notice is received that a job is complete
 - No data entry is required.
- k. An IRI or MAR is prepared
 - Detail from the FMIS system is printed and attached.
 - Bill to, insured by (if damage) etc. are typed.
 - Summary information is retyped into the IRI or MAR.
- l. For recurring charges such as energy charges and telephone bills:
 - Information is entered into a spreadsheet
 - The spreadsheet does calculations (i.e., total kilowatt hours)
 - Individual sections of the spreadsheet are printed
 - An IRI or MAR is prepared. The detail is not retyped and templates minimize, but do not eliminate, typing in the IRIs and MARs.

Improvement Opportunities:

Either of two possibilities exist: 1) A front-end can be built that communicates with the PeopleSoft/FMIS system (similar to Minneapolis) or 2) The PeopleSoft system can be enhanced to record information needed by DPW that is not needed by the accounting functions. Either modification would permit automation to construct letters, logs, work orders, invoices, etc. from information residing within the FMIS system.

A reengineered solution would operate similar to the following. The number of steps was not changed to allow a point-by-point comparison. Steps b, c, d, e, and f would be combined into one step. Steps g and h would be combined into 1 step. Step i is eliminated. Steps k and l are automated to eliminate most manual effort (validation is still required).

- a. DPW personnel are asked to perform service or are notified of damage. Basic information is recorded, often hand-written.
 - Could happen as a result of a police report of damage to a field office.



Observations, Best Practices and Improvement Opportunities

b-f. DPW Administration is contacted and given information relative to the request or damage.

- *If a front-end system is created it would be possible to have requests entered by other departments and forwarded to DPW Administration for validation prior to "release" to the FMIS system.*
- *DPW Administration enters detail information relative to the request or damage.*
- *A typed description of requested work could be brought to DPW Administration. DPW Administration manually enters information from the request and adds additional detail.*
- *A project number would automatically be assigned.*
- *Detail would be automatically transferred from the front-end data collection function to FMIS.*
- *A work order would automatically be printed or created for electronic transmission including all necessary detail*
- *The Vehicle Damage Location Sheet could be eliminated by providing access to the request entry function. As described above, these items would be reviewed by DPW Administration before they were "released" to the FMIS system.*
- *No cost card is required, tracking would be done electronically. Cost information from FMIS would be available to electronic production of IRIs and MARs.*

g-h. A damage letter/intent to bill letter is created

- *Produced automatically when/if requested*
 - *Create an envelope automatically to mail the damage letter/intent to bill letter*
 - *A log entry is no longer needed, numeric order listings can be produced on demand.*
- i. Step eliminated*
- j. Notice is received that a job is complete*
- *This should be electronic based upon an update to the job status (i.e., marked as complete by field operations).*
 - *No data entry is required.*



Observations, Best Practices and Improvement Opportunities

k. *An IRI or MAR is requested*

- *Detail from the FMIS system is automatically inserted into the IRI or MAR as requested.*
- *Appropriate names and addresses are automatically inserted.*
- *Summary information is inserted into the IRI or MAR.*

l. *For recurring charges such as energy charges and telephone bills:*

- *Information is entered into a spreadsheet*
- *The spreadsheet does calculations (i.e., total kilowatt hours)*
- *Individual sections of the spreadsheet are used to produce complete IRIs and MARs*

C. IRI tracking

DPW Administration produces approximately 20,000 invoices (IRIs and MARs) per year. The current implementation of FMIS does not provide a means for DPW to track invoices sent to other departments (IRIs). Administration has a system for tracking MARs.

The "old" system permitted unbalanced entries in the general ledger. DPW Administration entered a credit when the invoice was sent to the receiving agency. They were able to locate unprocessed IRIs by finding projects with no debit entry. They were also able to quantify the dollar amounts billed to other departments that had not yet been paid.

The current FMIS system does not permit unbalanced entries. The current solution is to wait to post entries in FMIS until the receiving department sends the approved IRI to the Comptroller's Office.

Tracking of the IRIs was lost by the change described above. DPW does not have a system or the human resources to track the IRIs.

Improvement Opportunities:

Minimally, there should be balanced entries when the IRI is created which identifies the amount billed and the "bill to" department. This will permit tracking of IRIs sent to departments for approval.

The system recommended under "Redundant Data Entry" would provide sufficient tracking of invoices.



Observations, Best Practices and Improvement Opportunities

D. Work order tracking

Infrastructure was formerly able to “break down” a project into multiple work orders. They were then able to electronically track each work order. Electronic tracking provides management oversight. This management oversight has been lost with the inability to track work orders.

Improvement Opportunities:

Work order tracking should be restored. Once restored, management oversight can be provided to monitor cost against estimates, identify projects that need partial billing and to identify projects that should be marked as being complete.

E. System integration

Formerly, there was electronic (tape) communication from the FMIS system to the Department of City Development (DCD) system. This transfer of information is not currently working. Because the data exchange no longer exists, data is re-entered at DCD manually.

Improvement Opportunities:

This functionality should be restored. Detailed requirements were outside the scope of this document.

F. More meaningful and updateable status

There is a status for each project number. The status does not appear to be sufficient to cover all instances that would be beneficial for tracking and management review. For example, “pending completion of non-City work”, “waiting for resources”, “pending resolution of dispute”, “in process”, “complete”, etc.

Improvement Opportunities:

- *The system status should include all possible states such as pending approval, delayed due to legal action, etc.*
- *When the status is “complete,” only administrative personnel should be able to make corrections. No field personnel should be able to charge labor or materials to a completed project. Administration should be able to change status from “complete” to “in process” if the wrong status was entered.*



Observations, Best Practices and Improvement Opportunities

G. Cross reference information for other automated systems.

Currently, the description field is the only field that would permit recording cross reference information for other systems. This is not a practical solution.

Improvement Opportunities:

A cross-reference field should be provided in FMIS that can be used by other agencies/departments (i.e., HACM, RACM, DCD). This would allow the other accounting systems to more easily link FMIS project numbers to their own internal numbers.

H. Management reporting - DCD

Recurring charges are reconciled by DCD/HACM/RACM each period by comparing the previous YTD to the current YTD plus the most current billing. This tells if corrections or additions were made to other than the current period. This should not be necessary.

Improvement Opportunities:

It should not be assumed that because managers can perform an inquiry through available tools that those tools are the solution to management reporting.

- *There should be a "transaction detail" that can be viewed as the transactions are posted.*
- *There should be a notification when charges are made to prior periods (month, quarter, etc.).*
- *The reconciliation reports done by DCD should be "automatic" and "on demand" and should show previous balance, adjustments and new charges for the billing*

See the first bullet under "Recommendation:" under "Change management" above and "More robust data access," below.



Observations, Best Practices and Improvement Opportunities

I. More robust data access

Significantly more robust access to PeopleSoft data is required. This would permit more useful reporting and analysis that can support "ad hoc" queries and reporting. It appears that the most beneficial improvement would be to link PeopleSoft tables (through appropriate views) to client/server database systems. This would permit ad hoc reporting and the joining of PeopleSoft information with locally collected information. This would also permit efficient automation of letter, log and invoice production which would eliminate most redundant data entry.

Improvement Opportunities:

- *Users should not be presented with options for which they have no access. For example, in the current report list an operator may select a report and receive an error message that they are not permitted to view the report.*
- *Report contents should be explicit. Currently a cryptic name is presented. The only way to identify the contents of a report is to attempt to run a sample.*