

Contributions of the

State Auditor's Office to the Uniform Statewide Accounting Project



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Lawrence F. Alwin, CPA

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Key Points Of Report

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Key Facts and Significant Accomplishments

- From September 1, 1991, through August 31, 1994, the State Auditor's Office (SAO) provided 38,119 staff hours of professional work to the Uniform Statewide Accounting Project (valued at approximately \$1.7 million). Future savings, cost avoidance, and efficiencies relating to this work totaled approximately \$4.2 million.
- The SAO assisted in determining a method for capturing the strategic budget structure in the State's new accounting system. In addition, the SAO coordinated the modifications to the cost allocation subsystem to be used in capturing administrative and support costs for the State's future decision making.
- The SAO provided implementation assistance to the Comptroller of Public Accounts and other system users for the Uniform Statewide Accounting System (USAS), Uniform Statewide Payroll System (USPS), and State Property Accounting System (SPA). Also, the SAO participated on the Procurement Reengineering Report to be presented to the Legislature in January 1995.
- SAO staff performed system testing to ensure the systems met users' needs. This included the development of transaction codes and analyzing balances for validity issues. Staff also provided possible solutions for issues and potential risks on an ongoing basis.
- The SAO team developed training and provided updates on risk areas to State Auditor's Office, various internal audit organizations, and other interested users.
- The SAO identified various areas for future work, including report preparation and modification, agency data input errors, payroll system errors, and reconciliation issues.

Contact:

Paul H. Hagen (479-4760)

Table of Contents

Detailed Efficiencies and Accomplishments

Section 1: Assisted Agencies And Universities In Implementation Of Statewide Systems.....	1
Section 2: Analyzed The Functionality Of The Statewide Accountability Systems To Determine Whether They Would Meet Texas' Needs And Assisted In Addressing Issues As They Occurred.....	3
Section 3: Identified State Auditor's Office And Internal Auditors' Training Needs And Coordinated Instruction.....	6

Appendices

Appendix 1: Scope, Objectives, And Background.....	8
Appendix 2: Team Members	9
Appendix 3: Issues for Future Consideration.....	10

Detailed Efficiencies and Accomplishments

Section 1:

Assisted Agencies And Universities In Implementation Of Statewide Systems

Professional staff provided customer service and consultation to agencies and universities during implementation of various systems. We worked directly with system users to address their concerns and to assist them in their conversion to the new statewide systems. A total of 19,190 hours was dedicated to this work at an estimated cost of \$853,000.

Efficiencies Identified

- Provided an estimated \$853,000 in state resources that did not have to be provided by a consultant at a potentially higher rate.
- Improved communication and coordination among key agencies.

Accomplishments

- Assisted the majority of state agencies and universities in establishing their profiles and answering their questions.
- Worked to resolve issues relating to internal controls, transaction coding, etc., as they occurred.
- Assisted the Comptroller of Public Accounts and consultant implementation teams for USAS, USPS, and SPA.
- Presented cost allocation work sessions for approximately 50 agencies.
- Assisted in providing connectivity for all agencies and universities. In addition, helped ensure that reporting entities had their interfaces developed and tested prior to production.
- Coordinated the efforts to provide an interface of the budget information to the Legislative Budget Office from the accounting system. This information will be utilized during the 74th Legislature.
- Facilitated decisions regarding budget structures and processes for the health-related agencies under the umbrella of the Health and Human Services Commission. Facilitated the joint development of Department of Human Services' Aid to Families with Dependent Children (AFDC) payments interface with the Department, the Comptroller of Public Accounts, and the Treasury.
- Provided monthly ad hoc reports for the General Services Commission to facilitate the monitoring of volume of purchase vouchers and encumbrances.

- Compiled agency test survey results to facilitate the identification and development of solutions for outstanding issues prior to USAS production.
- Assisted in the conversion of data from FACTS to USAS. This included review of profiles for completeness and accuracy. In addition, assisted in the verification that the correct cash in State Treasury and appropriation amounts were entered into USAS.
- Assisted in the review of security profiles and security request forms for completeness and reasonableness. Assisted agencies and SAO audit staff in resolving access issues.
- Participated on a team which developed a transition plan to reorganize the Comptroller's Fiscal Management Division for the implementation of USAS.
- Coordinated system testing prior to USAS production. This included monitoring and assigning changes to system testers. This also included monitoring the results of testing to ensure the system changes were correct prior to migrating to production.
- Participated on a task force to review reporting needs of USAS users. This included surveying users, assisting in the development of additional training, and developing a report data base to capture information included in each report.
- Assisted in the review of training and system documentation for USAS, USPS, and SPA. Assisted trainers in developing sessions on transaction codes, strategic budget structure, and cost allocation.
- Reconciled merit and bonus information between USPS and HRIS.
- Helped coordinate the USPS implementation at the Texas Department of Transportation (TxDOT) to improve the conversion to the new payroll system.
- Assisted agencies in verifying USAS cash and budgets prior to their conversion to USPS.
- Provided advice during the development of procedures to properly account for canceled payroll information.
- Assisted in the year-end close process.
- Helped establish an agency assistance lab to address data and profile accuracy.
- Provided assistance and technical advice in the use of project management concepts and techniques during the development of a work plan for the last phase of USAS implementation. Assisted in the presentation of several project management work sessions.
- Provided advice during the development of a disaster recovery plan for the statewide systems.

Analyzed The Functionality Of The Statewide Accountability Systems To Determine Whether They Would Meet Texas' Needs And Assisted In Addressing Issues As They Occurred

Staff members worked closely with staff from the Comptroller's Office, consultants, and various agencies' personnel to make certain that the systems implemented would meet users' needs. Our staff also worked diligently with agencies to identify needed changes to the systems and to suggest appropriate corrective action. A total of 16,852 hours were dedicated to this work at an approximate cost of \$749,000. Potential cost avoidance and other savings totaling \$4.2 million were identified.

Efficiencies Identified

- Presented recommendations for cost avoidance of an estimated \$2.9 million resulted from recommendations of a joint team from the State Auditor's Office, TxDOT, and USPS. Three options concerning USPS implementation were proposed by the team, and the cost avoidance resulted from the difference between the option selected and the cost of the other options.
- Facilitated the decision-making for a method to capture the strategic budget and administrative cost information.
- Enhanced revenue potential for the sale of surplus property by an estimated \$1.3 million by development of surplus property advertising through electronic bulletin boards.
- Assisted in resolving an issue relating to the coding of appropriation numbers which decreased Department of Human Services' programming by 1,000 hours with an estimated cost savings of \$50,000.
- Helped resolve a federal pass-through issue which decreased TxDOT's programming requirements by an estimated 300 hours with a cost savings of \$15,000.
- Provided an estimated \$749,000 of state resources that did not have to be provided by consultants at a potentially higher rate.

Accomplishments

- Recommended method to capture new budget structure requirements in USAS, and communicated procedures to agencies and implementation team. New structure was effectively implemented on September 1, 1993.
- Facilitated strategic budget policy development between the Comptroller's Office, Legislative Budget Office, and the Governor's Office of Budget and Planning.
- Provided assistance in identifying modifications necessary to the USAS cost allocation subsystem. Coordinated the implementation of these modifications.
- Provided assistance in negotiating policy decisions necessary to implement the statewide systems.

- Assisted in the negotiations for appropriation authority to facilitate the payment of administrative and support costs prior to allocation of costs to strategies.
- Provided quality assurance reviews of USPS implementation, identifying risks and issues to the project with suggested corrective action.
- Provided advice during the development of specific strategic budget policy and processes for higher education and health-related agencies.
- Assisted in the validation of the initial balances entered into USAS and the State Property Accounting (SPA) system.
- Participated in USAS grant subcommittee which reviewed and recommended changes to improve the functionality of the grants and projects' system capabilities.
- Provided advice during the development of new procedures to improve the efficiency and reliability of the reporting of federal pass-through amounts.
- Helped identify options in modifying the generally accepted accounting principles (GAAP) fund structure and helped to prioritize these options.
- Provided advice during the development of policies regarding access security in USAS and in USPS.
- Assisted in identifying USAS and SPA reports needed by the users. In addition, helped determine the most efficient process to develop new reports and to modify existing reports.
- Participated on the Procurement Reengineering Project. Helped develop and document the proposal to be presented to the Legislature in January 1995.
- Led a joint team of USPS and TxDOT staff who reviewed the functionality of both payroll/personnel systems and developed a proposal to modify the systems in the most cost effective manner.
- Provided input for modifications needed to more efficiently make vendor file changes in Texas Payee Information System. Input was primarily in assessing control risks of various options and helping prioritize solutions.
- Participated in the development of policies for electronic document approval. This input also emphasized an assessment of control issues in the proposed policies.
- Performed system testing on USAS when modules were completed and changes were made to the software. In addition, performed the initial test of various USAS data entry screens and various profile screens.
- Participated in the acceptance test which identified major modifications needed to the system. In addition, participated in the three release tests in 1993 to perform additional functionality reviews.
- Assisted in evaluating and prioritizing system change requests to USAS and SPA.

- Reviewed USAS and SPA data for accuracy and identified significant entries that needed to be made to correct the data. Suggested options to help ensure the reliability of data.
- Led the initial development and testing of transaction codes. Coordinated the necessary changes based upon these tests. In addition, assisted in the transaction code documentation and training of the implementation team and agencies.
- Provided advice during the development of surplus property policies to be administered by the General Services Commission and the Comptroller's Office for equipment and furniture.
- Helped develop and implement the process to advertise state and federal property on electronic bulletin boards to enhance revenues for the State and to more efficiently dispose of excess or obsolete items.
- Assisted in determining procedures to be used for payroll cancellation issues between the statewide payroll and accounting systems.

Identified State Auditor's Office And Internal Auditors' Training Needs And Coordinated Instruction

An important part of our work was to determine what statewide system training was needed to address the needs of the State Auditor's Office and the internal auditors of various state agencies. We also played a key role in coordinating and presenting much of the training to auditors on the new systems. A total of 2,077 hours were expended in this area at an approximate cost of \$92,000.

Efficiencies Identified

- Developed training to key on audit risk issues instead of including training on additional USAS system details which will provide a more efficient audit approach.
- Provided an estimated \$92,000 in state resources that did not have to be provided by a consultant at a potentially higher rate.

Accomplishments

- Presented four USAS training classes to 157 SAO auditors and a USAS overview class for 76 internal auditors and Coopers & Lybrand auditors.
- Presented several round table discussions on USAS issues to SAO audit staff, internal auditors, and other groups.
- Presented multiple training sessions on the USAS strategic budget and planning structure. The participants and the number of sessions included:
 - USAS implementation team (2)
 - USAS agency test groups (3)
 - USAS Users group (2)
 - Governor's Office of Budget and Planning (1)
 - USPS Policy Council (1)
 - State Agency Council (1)
 - Texas Association of State College and University Business Officers (1)
 - Representatives from the General Accounting Office (1)
 - 1993 Annual R-Stars Users' Conference (1)
 - LBO, Sunset, Comptroller, and State Auditor's Office Joint Committee (1)
- Presented updates on the new strategic budget structure and cost allocation to approximately 20 USAS refresher training classes, 11 to the USAS Users' Groups, 3 to the State Agency Internal Audit Forum, 1 to the 1994 Annual Texas State Agency Business Administrators' Association, and 1 to the Texas Association of College and University Auditors.
- Helped develop the USAS cost allocation training and the documentation for this training. Assisted in the presentation of this material for approximately 20 classes.

- Coordinated and presented two work sessions on interfaces for technical USAS users who were responsible for developing the interfaces for reporting agencies and universities.
- Assisted in presenting the USAS Technical Interfaces session during the core USAS training for functional users.
- Developed a financial analysis class to be taught to SAO auditors and internal auditors.
- Prepared monthly SAO manager meeting updates on the USAS environment and possible risk areas.
- Developed and coordinated acquisition of training for key project staff in use of project management concepts and in the use of project management software.

Scope, Objectives, And Background

An important part of our work was to determine what statewide system training was needed to address the needs of the State Auditor's Office and the internal auditors of various state agencies. We also played a key role in coordinating and presenting much of the training to auditors on the new systems. A total of 2,077 hours were expended in this area at an approximate cost of \$92,000.

Scope

Our professional staff assisted with the implementation of the statewide accounting, payroll, and property systems and the preparation of a Procurement Reengineering Report. This project was not an audit and was not done in accordance with auditing standards. However, the standard of independence was followed. The assistance included suggestions throughout the project without decision-making authority. In addition, recommendations were made for changes to profiles and data, but the State Auditor's Office staff members did not make any changes in production data or profiles.

Objectives

Assisted agencies and universities in implementation of statewide systems.

Analyzed the functionality of the statewide accountability systems to determine whether they would meet Texas' needs and assisted in addressing issues as they occurred.

Identified State Auditor's Office and internal auditors' training needs and coordinated the instruction.

Background

State Auditor's Office management recognized the need for our staff's involvement with the development and implementation of the new statewide systems for Texas. Management actively participated on various projects' advisory committees and was instrumental in the conceptual design for USAS.

Management of the State Auditor's Office decided to assign professional staff to work directly on these systems. We believed this ongoing interaction with the Uniform Statewide Accounting Project team would be an effective way to implement change by identifying issues and control risks during the project's design and implementation phases and making appropriate recommendations.

During the last 18 months of the USAS implementation phase, it was recognized that the agencies might not have appropriate resources to bring up the system. A total of \$8 million had been removed from the implementation budget and resources to meet deadlines were reduced. The State Auditor's Office offered this assistance to the Comptroller and other agencies to bring the systems into production.

Appendix 2:

Team Members

The following staff from the State Auditor's Office provided assistance to the Uniform Statewide Accounting Project.

TEAM MEMBERS	HOURS
Barbara Collins, CDP	2,327
Ernest Cuellar	5,293
David Gaines, CPA	243
Dorvin Handrick, CDP, CISA	167
Nancy Hennings, CPA, CISA	2,241
Rhonda Hill	1,551
Stacy Jespersen	2,396
Willo Laurel, CPA	3,355
Priscilla Luzader	1,603
Kemp Long, CPA, CISA	795
Duane Mailman	3,085
Teresa Menchaca, CISA, CDP	282
Dennis O'Neal, CIA	117
Anne Marie Palmer, CPA, CISA	3,151
Ed Pier, CPA, CISA, CDP	683
Janet Reynolds	1,557
Linda Roesler, CPA	3,142
Tom Tharp, CISA	147
Court Thieleman	2,677
Peggy Wagman, CPA	1,610
Joe Wargo, CPA	1,553
Others	144
Total	38,119

Period: September 1, 1991, through August 31, 1994

Issues for Future Consideration

USAS and SPA reports are not meeting some of the users' needs. For example, some agencies have prepared ad hoc reports instead of using system reports to reconcile their information and to monitor activity. A task force was organized in the fall of 1993 to determine report changes that could better meet users' needs.

Some agencies have been late in reconciling their data. This was a result of missing reports or elements not on existing reports that were needed to reconcile. In some instances, there appears to be a lack of users' interest in and knowledge of the new systems, both of which have contributed to the reconciliation problem.

There are errors in data (e.g., 1994 fiscal year beginning balances) entered into the statewide systems by some agencies. Agencies did not have sufficient knowledge or well-documented instructions for the new systems. This has resulted in erroneous data. Most of these errors need to be corrected in order to rely on these systems in the future. This area is currently being reviewed.

Budget Preparation and Labor Distribution components have not been developed.

Procedures to ultimately produce the State's comprehensive annual financial report directly from the statewide system should be developed. Producing the annual financial statements for the State is one of the system's primary benefits.

Problems exist with the payroll system interfaces between USAS and the State Treasury. The payroll system also has problems with areas such as cancellations and leave accounting.

Response From Comptroller of Public Accounts:

We agree that the contribution from the State Auditor's Office has been significant to the successful implementation of these systems. As stated in this report, their contribution resulted in cost avoidance for the state, far exceeding their contributed resources. More importantly was their contribution of expertise in the area of governmental fund accounting and internal controls required for these systems. This contribution was critical to the successful development of these systems, even though it is not easily quantifiable.

We are also in agreement with their list of issues for future consideration. Given that we have only recently completed our first year of implementation; we recognize that work still lies ahead in improving these major statewide systems. We are committed to the continued improvement of the system and to the addition of additional functionality to make the systems more effective and useful to agencies and state decision makers. With that commitment in mind, we would like to report the actions we have and are currently taking to address these issues:

USAS and SPA Reports. *Our agency is fully committed to providing reports that meet our users' needs. Currently, USAS makes available 200 reports to meet the needs of users. (This is 10 times the number of reports that were available under the prior accounting system.)*

We also created a report task force that was responsible for assisting agencies by developing file extracts and writing programs to meet individual agency's needs. (As a result, five extract files are available for agencies/universities to use in customizing their own reports.) In addition, modifications have been made to the most frequently requested reports to try and better meet general users' needs. These modifications were requested and prioritized by the users themselves. We agree that this area needs additional work and will continue our efforts to more fully meet all the users' needs.

The obstacles we face in this area should also be recognized. One is that the full use of available reports is contingent on the initiative that agencies take in becoming more knowledgeable as to available reports. There are also limitations imposed upon us which are simply based on the sheer volume of data that is available under this statewide system.

Agency Reconciliation. *One of the objectives of the report task force has been to assist the agencies in reconciling. In addition, procedures for the agencies to reconcile were developed and presented to a users' group by the USAS assist team. An assistance lab was established in the summer of 1994 to specifically help agencies in addressing reconciliation issues. The areas in which we assisted agencies/universities covered topics such as profile maintenance, error corrections, cost allocation, maintenance of accounts, and preparation of their annual financial report, to name just a few. The lab was open five days a week and no one was turned away who requested assistance.*

Errors in Data. *The assistance lab was also developed to help agencies correct any inaccurate data in USAS. A new group has also been established within our agency to monitor the data and assist in the correction of it. In addition, responsibility has been assigned for developing policies and procedures to better instruct agencies on requirements of the new systems.*

Budget Preparation and Labor Distribution. *These elements are part of the projected system structure of USAS. Assuming the availability of sufficient legislative appropriations, we plan to study and begin implementation on these components as quickly as all core system issues are addressed and user needs are satisfied.*

Annual Financial Report. *The current plan is to produce the Comprehensive Annual Financial Report (CAFR) from USAS by no later than the 1996 fiscal year. Specific procedures to produce the CAFR will be developed and tested during the next two fiscal years.*

Payroll System. *Comptroller management has established a team which is resolving the payroll issues. Additional agencies will not be added to the statewide payroll system until these problems are addressed.*

It is our hope that this collaboration by our agencies, for these projects, will serve as an example of the economies and efficiencies that can be achieved in state government.

Copies of this report have been distributed to the following:

Legislative Audit Committee

Honorable James E. "Pete" Laney, Speaker of the House, Chair
Honorable Bob Bullock, Lieutenant Governor, Vice Chair
Senator John Montford, Chair, Senate Finance Committee
Senator Kenneth Armbrister, Chair, Senate State Affairs Committee
Representative Robert Junell, Chair, House Appropriations Committee
Representative Tom Craddick, Chair, House Ways and Means
Committee

Governor of Texas

Honorable George W. Bush

Legislative Budget Board

Sunset Advisory Commission

Comptroller of Public Accounts

John Sharp, Comptroller
Billy Hamilton, Deputy Comptroller