



Legislation Text

File #: 21-6575, **Version:** 1

Department: Management and Budget

Department Head: Dave Berry, County Administrator

Regular or Supplemental RCA: Regular RCA

Type of Request: Investment Memo

Investment Memo Type: Final Investment Memo

Project Name: Budget Software Purchase and Implementation

Project ID (if applicable): BUDGSFTWR

Vendor Legal Name (if applicable): CGI

MWDBE Participation (if applicable): N/A

Managing Entity: Office of Management and Budget

Incremental Authorization Requested: \$1,637,144

Total Estimated Project Cost: \$1,637,144

Request Summary:

Request for approval of the Final Investment Memo for the Budget Software project for an initial capital investment of \$1,637,144 and request for approval of initial commercial paper funding for Office of Management and Budget in the amount of \$1,075,000.

Project Description:

The Office of Management and Budget (OMB) is in need of new budget software for better budget management. After careful consideration and collaboration with the Purchasing Agent, OMB recommends a SaaS budget management software solution because of their ability to provide the operational and reporting needs for fiscal-, payroll- and performance-related information for all fund types. This request would cover the cost of implementation, training and support services for the new software. OMB expects to complete the implementation before the start of FY 23-24.

Project Scope:

The proposed budget solution shall conform to the basic budget process steps and possess the ability to display data for the prior year actual, current year adopted, current year revised, and proposed budget. The key features of this solution include SWOT (Strength, Weakness, Opportunity, and Threat) Analysis, long-range financial forecasts, handling budget requests, evaluating budget requests, breaking down approved

budgets into line item data, and uploading such line item data into PeopleSoft.

Justification:

Harris County's current Budget Process conforms to the Texas State Budget Law and Government Finance Officers Association (GFOA) best practices. The Budget Process is conducted on an annual basis. The current process is fragmented with the accounting product (PeopleSoft) being the lead for most output and ingestion of data. This is supplemented with Excel forms for budget requests and the use of tools like Hyperion, Webfocus, and Prophix to provide reporting support.

Budget software provides an easy-to-use platform to collect budget priorities, understand performance and access necessary reports making it easier for the Office of Management and Budget and other departments to keep abreast of the budget. OMB currently uses Excel as a medium to gather budget input and do its reporting. This method limits the time we spend on the analysis of information provided. Instead, we must focus on manual data gathering and collation, which is time-intensive and error-prone. Approximately 70% of the team's time during the budget season is spent on collecting and cleaning data. This is due to the amount of time it takes to remove data errors, run and re-run files for changes and then validate outputs. Similarly, for other departments, without budget software, it increases their time spent on filling out various files and increases the chance of clerical errors. This should save about \$200K in time saved that can be used for analytical support instead. **In addition, with the newly implemented performance measure reporting system in place, the current software does not allow tracking for performance metrics, and we want to support this capability with the new software. Our objective was to find a solution that can also provide tiered performance tracking, from the service level all the way to County-wide outcomes.**

The utilization of the budget software provides three key benefits:

1. Reduction in complexity for departmental input - it would provide a platform for creating and managing budget requests for departments by giving all departments the ability to request funding:
 - From Goal down to Service-level information - the categories being goal area, department, division, service
 - Down to Line item-level information (category, account, line item)
 - Month-specific allocation of expenses
 - Capability to provide the rationale for additional funding through:
 - Form-based process for content input
 - Text boxes for departments to provide request detail, performance metrics, and financial impact
 - Add attachments for supplemental information
2. Provide performance tracking - be a one-stop shop for collecting performance information and displaying/reporting the data by creating tiers and mapping to each tier on the basis of:
 - County level indicators
 - Departmental indicators
 - Sub-division/service level indicators
 - Provide a detailed description of each metric
3. Reduce the manual effort - this would significantly reduce the effort needed to create budget files and as well as the time taken for manual data collation, review, and production, freeing up an estimated 3,500 staff-hours a year within the OMB team by automating the process to gather information for specific reports, such as:
 - Financial- labor and non-labor
 - Detail on Positions/personnel

- By levels: Goal area, Department, Division/service
- Granularity of information - Account, Category, Transaction
- Type of budget: Adopted, Adjusted, Actual
- Ingest data for all different types of funds: General Fund, Capital projects, Special revenues, Grants
- Ability to maintain/forecast five (5) year plans and run what-if scenarios

This project supports the following internal Strategic Objectives:

1. Budget & Performance - Transform the County budget process to increase accountability, transparency, promote long-term planning, and measure the performance of departments and their programs.
2. Budget & Performance - Ensure that all Harris County Department budgets are aligned with Commissioners Court vision and goals.
3. Budget & Performance - Build the tools and capabilities to provide multiyear, comprehensive financial projections.
4. Director's Office (Strategic Initiatives)/Finance & Investments - Promote transparency through the communication of relevant, non-partisan budget, financial, and performance data to the public.
5. Director's Office (Capital Projects) - Create reporting and framework for more transparency and accountability in spending and progress on capital projects.

The success of the project can be measured through the following performance metrics:

- Percent of departments and agencies submitting service-level budgets - though, we aim for this to be 100% currently, the budget software will aid the process.
- Percent variance between actual and projected General Fund operational expenditures- *hope to bring this to 2% over time to reduce the variance in budgets and actual expenses.*
- Percent variance between budgeted and actual costs on a project basis

Alternatives and Engagement:

The alternative is to stick with the *status quo*, which is labor-intensive and prone to clerical errors as mentioned in the justification section. OMB and purchasing agents have also considered other budget software, but of all the competitors, a SaaS solution would best satisfy Harris County's budget needs.

The main implementation stakeholders are the Office of Management and Budget and Universal Services. HRRM may be included in the implementation process as well. Universal Services has been an engaged partner in our discussions and will be a part of the Steering Committee and workshops.

Universal Services will be brought in to provide necessary integrations into PeopleSoft to both get access to data for reporting as well as pushing budgets to PeopleSoft from the Budget process and due to mid-year adjustments.

Anticipated Project Expenditures and Timeline:

Scope of Work	Estimated Cost	Estimated Completion
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Milestone 1 - Project kickoff, governance documents delivered, Initial Project Plan delivered	\$87,600	12/31/21
CGI Advantage Performance Budgeting Transition - Project environment delivered	\$442,345	1/15/22
Milestone 2 - COA Project Increment complete, designs & testing delivered, Vision book delivered	\$159,999	1/31/22
Milestone 3 - Salary & Benefits Project Increment complete	\$110,000	2/28/22
Milestone 4 - Budget Preparation Increment complete	\$110,000	3/31/22
Milestone 5 - Budget Execution Project Increment complete	\$110,000	4/30/22
Milestone 6 - Performance Measures Increment complete	\$110,000	5/31/22
Milestone 7 - Advantage Design & Security Project Increment complete	\$110,000	6/30/22
Milestone 8 - Training & Go Live	\$107,000	7/31/22
Milestone 9 - Post-implementation support complete, project wrap-up and sign off	\$49,000	8/31/22
Travel - not to exceed	\$54,000	-
OMB Contract Project Manager	\$180,000	-
Total	\$1,629,944	-

Costs for the implementation are from the selected vendor and represent actual costs. The project manager costs are an estimate for the period based on discussions with Universal Services.

Risks to project completion include the inability to have sufficient support for PeopleSoft related questions and needs. We are working closely with the Universal Services team to ensure that the appropriate staff is engaged for the duration of the project for PeopleSoft integration. By the end of January we expect the scope of integration work to be clearer and will submit a Change Investment Memo for Commissioners Court approval.

Post implementation, there will be a continuing cost of \$200,000 (plus an increment after year 3 to adjust for inflation) for subscription costs, and this expense will be covered with OMB's O&M budget. Apart from this, we believe there will be significant improvements in the productivity of the Budget and Performance analysis teams due to access and visibility of both fiscal, payroll, and performance measures data, allowing them to focus more on the support of projects and the eventual impact of investments to the tune of approximately \$200K annually. This would also allow for a better gauge of variances from projected budgets as well.

Alignment with Goal(s):

- ☐ Justice and Safety
- ☐ Economic Opportunity
- ☐ Housing
- ☐ Public Health
- ☐ Transportation
- ☐ Flooding
- ☐ Environment
- ☒ Governance and Customer Service

Previous Court Action:

Date	Agenda Item #	Action Taken
2/9/2021	260	The subscription costs were requested from Court during the budget process for FY 2021-22 and was approved. But we were to come back and request implementation costs once the vendor was finalized.

Address: Countywide

Precinct(s): Countywide

Fiscal and Personnel Summary			
Service Name	Budget & Performance		
	FY 21-22	FY 22	Next 3 FYs
Incremental Expenditures (do NOT write values in thousands or millions)			
Labor Expenditures	\$	\$	\$
Non-Labor Expenditures	\$770,611	\$304,389	\$
Total Incremental Expenditures	\$770,611	\$304,389	\$
Funding Sources (do NOT write values in thousands or millions)			
Existing Budget			
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Current Budget	\$	\$	\$
Additional Budget Requested			
Commercial Paper	\$770,611	\$304,389	\$
Choose an item.	\$	\$	\$
Choose an item.	\$	\$	\$
Total Additional Budget Requested	\$770,611	\$304,389	\$
Total Funding Sources	\$770,611	\$304,389	\$
Personnel (Fill out section only if requesting new PCNs)			
Current Position Count for Service	-	-	-
Additional Positions Requested	-	-	-
Total Personnel	-	-	-

Department Approval by: Gayatri Garg, 11/16/2021

OMB CIP Team Approval by: William McGuinness, Manager-Capital Projects & Infrastructure, 11/18/2021

Commercial Paper Request *(For OMB use only):*

Receiving Department: Management and Budget

Project PeopleSoft ID: BUDGSFTWR

CP Series Description: Commercial Paper A-1 is used to (1) pay contractual obligations incurred or to be incurred for the construction of and the purchase of fixtures, equipment and machinery for or in connection with the County's criminal and civil justice centers, the County's firefighter training facility, (2) pay contractual obligations incurred or to be incurred for the purchase of automobiles and other vehicles, equipment and machinery, including computers, materials and supplies for the operations of the County precincts and departments and other authorized needs and purposes including services provided by engineers, architects, attorneys, auditors, financial advisors.

Commercial Paper is being requested for the Budget Software Purchase and Implementation project and is expected to be repaid within the next three fiscal years either through bonds, budgetary means or pay-as-you-go sources.

HB 1869 compliance confirmed by: Michael James and Scott Lemond, County Attorney's Office, 09/08/2021

OMB Financial Management contact: Amy Perez, Director, Financial Management, Office of Management and Budget