

**CityNet (Administration) Follow-Up Audit
July 2010**

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CityNet (Administration) Follow-Up Audit



Office of the City Auditor
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Project #10-06

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Executive Summary

*Both of the audit
recommendations were
fully implemented*

Fully Implemented

- *Cost allocation methodology*
- *Lawson/Kronos Users Group*

The City Auditor's Office has completed a follow-up to the December 2009 CityNet (Administration) Audit. The follow-up audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objective of the follow-up was to determine the implementation status of prior audit recommendations.

The initial CityNet (Administration) Audit included two recommendations. Follow-up audit results indicated that management fully implemented both audit recommendations. The Lawson Shared Services Board and the hosting vendor (Velocity) are currently revisiting the current cost allocation methodology. Management initially did not agree with the audit recommendation to establish a Lawson Users Group. However, management has since begun the process to establish a Lawson/Kronos Users Group.

Audit Scope and Methodology

The following methodology was used in completing the audit.

- Observed Shared Services Board Minutes
- Held discussions with the Information Technology Department staff

Status of Prior Audit Recommendations

Recommendation:

The Finance and Management Resources and Information Technology Directors should request that the Shared Services Board revisit the cost allocation methodology to ensure that it is relevant and equitable. The Directors should request a contract revision/amendment if the most equitable allocation methodology is inconsistent with the current contract requirements.

Management's Response:

Concur. The Cities of Arlington, Grand Prairie, Carrollton, and the North Central Texas Council of Governments entered into an interlocal agreement on November 22, 2004 as part of the Shared Services project, and thus establishing the Shared Services Cooperative. Among the functions of the cooperative is to administer the affairs of the participant cities relative to the cooperative agreement, and to create and administer an annual budget for the cooperative based on previously established criteria. Exhibit D of the interlocal agreement calls for the budget allocation of the first year to be based on the number of employees (full-time, part-time, and contractual), with subsequent years to be based on the number of transactions. The transactional budget method was never used, however, and annual budget allocations continue to be based on the number of employees per city.

IT management will determine the feasibility and cost effectiveness of moving to a transactional based CityNet budget allocation model. If the analysis shows the city would benefit financially from such a change, the CIO will present to the Share Services Board a proposal for modifying the cost allocation to this new model.

*Target Date: April 2010
Responsibility: Louis Carr, Chief Information Officer*

Implementation Status:

Fully Implemented. Management indicated that the City of Arlington has mentioned the cost allocation methodology to the other participating cities and that the cities are currently in the process of discussing the issue with Velocity. However, no decision has been made regarding the defining transactions (e.g., number of Human Resource actions, number of Purchase Orders cut, etc.). Shared Services Board Meeting minutes indicate that Velocity plans to review each city's profile and develop a comprehensive proposal that would address on-going service from a cost perspective. Shared Services Board Meeting minutes also indicate some discussion regarding providing contract options other than the current cost escalation clause. It should be noted that there has been discussion regarding whether the cities would benefit more by separating.

Recommendation:

The Information Technology Director should consider establishing a Lawson Users Group, consisting of Lawson representatives from each department, to share experiences, discuss departmental information system needs that are currently not being met, etc. Any issues that result

in an IT project should be incorporated into IT's project list that is prioritized by the City Manager's Office.

Management's Response:

Partially Concur. Changes to the Lawson application environment are driven, in large part, by application software improvements and updates provided by the vendor. There are three existing committees that can review Lawson functionality and effectiveness. Those committees, the Technical Resource Committee (TRC), the Lawson Steering Committee and the Information Technology Executive Steering Committee (ITEC) are all existing committees that could influence Lawson related projects.

It is not necessary to form a new committee, but the Lawson Steering Committee, comprised of the Finance director, the Workforce Services director and Chief Information Officer, will take a more active role in collecting input from Lawson users and analyzing that input. From that input, recommendations for enhancements and new Lawson projects would be forwarded to ITEC for prioritization.

Target Date: May 2010
Responsibility: Louis Carr, Chief Information Officer

Implementation Status:

Fully Implemented. Although management did not fully concur with this audit recommendation, audit follow-up results indicated that management has begun the process to establish a Lawson/Kronos Users Group. Management indicated that they are in the preliminary stage of establishing the Lawson/Kronos Users Group, and are currently in the process of identifying which departments/department representatives should be considered as user group members.