

Office of the Superintendent of Schools  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 26, 2007

MEMORANDUM

To: Members of the Board of Education  
From: Jerry D. Weast, Superintendent of Schools  
Subject: Update on the Financial Management System

**Executive Summary**

The implementation of the new Financial Management System (FMS) supports Board of Education Policy DAA, *Fiscal Responsibility and Control*. The FMS is an integrated financial solution that will help staff create and monitor budgets, comply with legal and regulatory requirements, and provide improved management information from a single system. Additionally, the system will support the efficient and effective operations of schools and offices through improved access to information consistent with the strategic plan, *Our Call to Action: Pursuit of Excellence*. The progress of the FMS implementation project continues to be on schedule and within budget.

The current financial system is rapidly approaching the end of its useful life. This system is used for general ledger, capital project and grant accounting, accounts payable and receivable, procurement, and materials management. However, the existing materials management, procurement, and budget systems are not integrated into the current financial system. This limitation forces extensive duplication and reconciliation of records that limit productivity. A breakdown of the software or lack of maintenance support could result in the failure of the entire system. School staff will begin using the new FMS on May 30, 2007, for early ordering. The system will become fully operational on July 2, 2007, for all financial transactions.

**Background Information**

On March 9, 2004, the Board of Education approved a resolution to designate a new integrated financial information system as a major priority.

*Resolved, That the Board of Education support the financial information system that will begin in fiscal 2006 and continue over the following two years, including the cost of hardware and software, consulting support to the implementation, and salary cost to replace the individuals committed to the project.*

Pursuant to this resolution, the Board of Education's FY 2006 budget request included \$1,500,000 to begin work on the new system. The Montgomery County Council approved \$200,000 for FY 2006 for a requirements study for the new system. On June 14, 2005, the Board approved a contract with the Government Finance Officers Association (GFOA) to conduct the requirements study and help Montgomery County Public Schools (MCPS) staff develop a Request for Proposal (RFP) for a new integrated financial information system.

Prior to initiating the project to replace the existing financial system, staff worked to increase awareness of the priority to replace the financial system. The current financial system does not fully integrate all financial management processes and requires extensive duplicative data entry and record reconciliation. This is inefficient and limits productivity. Local business experts, through the Operation Excellence project, provided input to the County Council regarding the need to implement a new financial system. Implementation of these financial systems is a key strategy to reduce cycle time and improve the operational efficiency of administrative processes and functions. Although additional features of the system are expected to be added in FY 2008, the new FMS becomes fully operational on July 2, 2007, for all financial transactions.

On May 31, 2006, contracts were awarded to Oracle Inc. and BearingPoint Inc. for the purchase and implementation of the new FMS. The project was funded by a supplemental appropriation of \$8 million for the software acquisition and implementation consulting services costs of the system, approved by County Council Resolution 15-1365, on March 14, 2006.

### **Project Process and Benefits**

A new financial system will support all ongoing programs through improved management information, improved financial operations, and timely financial monitoring and reporting of information and analysis to elected officials and the general public. An executive steering committee, co-chaired by Mr. John Q Porter, deputy superintendent for information and organizational systems; and Mr. Larry A. Bowers, chief operating officer, continues to provide project leadership and oversight.

From the inception, members of the executive steering committee and project management team have used proven, effective project management processes to ensure that the new FMS satisfies the district's needs and is implemented on time and within budget. They have focused on obtaining the precise requirements, controlling the project's scope and limiting customizations, engaging all stakeholders, managing the change process, staffing the project with experienced senior staff, and validating and testing all project deliverables. Members of the project management team used a rigorous vendor evaluation process to identify the best-suited, experienced systems integrator to assist in implementing the new FMS.

In addition, key technical and functional subject matter experts from within MCPS form fifty percent of the project management team; BearingPoint's assigned personnel form the other fifty percent and provide expertise from similar large-scale implementations of Oracle's financial software. The automated FMS business processes are grouped into three functional areas—

budget, finance, and supply chain. An additional \$500,000 has been requested in the FY 2008 budget to implement additional features not part of the original project scope. These features include the capability to;

- graphically display performance results,
- exchange two-way information with vendors,
- facilitate electronic commerce and customer self-service, and
- process employee expenses electronically.

The process improvements and efficiency gains from implementing integrated financial systems free staff members from primarily managing transaction-processing activities and empower them to spend more time on strategic activities, which are of higher value to the district. This transformation is possible because the new financial management system will streamline transaction processing by re-engineering finance processes, and integrating and standardizing core financial applications. In addition, the comprehensive management reporting available in the new financial system will better support financial monitoring, budgeting, and planning. These reporting improvements also will ensure greater integration and correlation of financial and nonfinancial data.

- Planning capabilities will become richer and more easily accessible to managers.
- Consolidated and integrated systems will reduce the time required to produce financial and management reports.
- Procurement and supply chain management capabilities will extend requisition and ordering processes directly to employees and provide more detailed information about spending patterns to improve vendor management.
- New reporting and analytic tools will make financial analysis faster, easier, and more detailed than ever before.
- Efficient secure re-engineered online approval will streamline key approval processes.

The project management team members have worked cooperatively throughout the project with the Montgomery County Government (MCG) staff. MCG data requirements were gathered and have been considered in the configuration of FMS. Periodic updates have been provided to the County Council staff; and a meeting is scheduled with the Council's Education Committee on March 15, 2007.

### **Next Steps**

Training classes for all MCPS users will begin during the last two weeks in May 2007. Historically, staff in schools orders the majority of their supplies for the upcoming school year in May. This event is called "early ordering." The orders placed during early ordering will be submitted using the new FMS. Training will be delivered to school leaders, financial assistants,

administrative secretaries, and other office staff from May through July. Center for Technology Innovation staff will offer FMS follow-up training as part of its ongoing curriculum. This will address issues associated with school-based and non-school-based personnel changes within MCPS. The project is on schedule to begin on May 30, 2007, to process requisitions and maintain inventory, and on July 2, 2007, to process general ledger financial transactions. During FY 2008, the advanced procurement processes will be automated with FMS.

The key future project milestones and timeline for the remainder of the project are as follows:

- May 14, 2007—user training begins
- May 30, 2007—implement the early ordering process
- July 2, 2007—implement other business processes
- August 1, 2007—implement advanced procurement business processes

Maintaining an effective change management process is an essential component of the project. The change management uses a structured and disciplined approach to effectively inform and engage all stakeholders. This includes assessing key people-related risks associated with the project and developing risk mitigation strategies; establishing a guiding coalition of leaders with a common vision to build foundational agreements that are critical to project success; engaging and communicating with stakeholders to build project awareness and buy-in; designing a training strategy and curriculum to prepare staff for the implementation; and identifying strategies to address organizational-level impacts. Memorandums, newsletters, Web site updates, and information meetings are used on an ongoing basis to communicate system benefits, business process changes, and important milestone dates.

At the table for this evening's discussion are Ms. Grace Bestland, FMS project manager, Office of Information and Organizational Systems; Mr. Giles Benson, FMS project functional manager; and Mr. Robert J. Doody, controller, Department of Financial Services.

JDW:csa