

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

132



FROM: OASIS/Executive Office

SUBMITTAL DATE:

October 11, 2005

SUBJECT: OASIS Annual Report

RECOMMENDED MOTION: That the Board of Supervisors receive and file the attached OASIS Annual Report.

BACKGROUND: On August 12, 2005, the fiscal year 2004/05 accounting year-end was finalized in the OASIS Financials system on schedule. Attached is a report that summarizes the important events of the past year and previews planned improvements. This year's enhancements include the following:

- OASIS HRMS was automated with the roll out of employee self-service modules for benefits administration and electronic remittance advice.
- Improved reporting capabilities have been developed through cooperation with the Auditor-Controller's Office.
- The 2004 State Road Report for TLMA was delivered on time, the Deposit Based Fees refund backlog has been significantly reduced, and process improvements have also been implemented.

Departmental Concurrence

Michael Dearman

MICHAEL DEARMAN, Director
OASIS

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	FY 04/05

SOURCE OF FUNDS:	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

Ch. [Signature]

County Executive Office Signature

- Dep't Recomm.: Policy
- Per Exec. Ofc.: Policy
- Consent
- Consent

Prev. Agn. Ref.: | District: | Agenda Number:

2.14

OASIS Annual Report



October 18th, 2005

Executive Summary

This Annual Report to the Board on OASIS is intended to review the progress made in the functionality of the system, describe successes, and concerns, and discuss future system direction.

Overall, OASIS is now performing close to the performance benchmarks set when the system was designed and installed. Further system development and enhancements are planned, with a major system upgrade now initiated. The Financials system is being upgraded. The upgrade will add system enhancements and it will resolve known shortcomings in the current system. The go-live date for the new system is February 2007.

On August 12, 2005, the fiscal year 04/05 accounting year-end was finalized in the OASIS Financials system - system access and reliability, reporting and invoice processing times remained stable and within performance benchmarks. August 12th was the planned close date, and the deadline was met.

OASIS HRMS was further automated and Benefits Administration was improved. OASIS rolled out of employee self-service modules for benefits administration and electronic remittance advice.

Improved reporting capabilities have been developed through cooperation with the Auditor-Controller's Office.

The 2004 State Road Report for TLMA was delivered on time. The Financials Project Costing process has been stabilized.

The Deposit Based Fees refund backlog has been significantly reduced and process improvements have also been implemented.

Background

The OASIS PeopleSoft system consists of two major system components: Financials and Human Resources Management System (HRMS). The OASIS HRMS "went live" in July 2001 followed by Financials in July 2002. This was followed by a major upgrade to HRMS, which went live in August 2003.

The Board has received updates on the status of the OASIS PeopleSoft system since October 29, 2002. The last Annual Report was presented to the Board on September 14, 2004 (Item 2.32 of 9/14/04). Developments since September 2004 along with the current status of the OASIS PeopleSoft system are included in this report.

Financial System

System Performance

System access and reliability, vendor payment processing and reporting are stable, with no major system outages occurring over the last year. Average invoice processing routinely performed within the established 30-day performance benchmark, and all monthly, interim and final 2005 year-end reports were delivered timely.

Accounting Year-end

The 2005 accounting year-end general fund balance was finalized on August 12, 2005. The 2005 year-end closed on schedule.

The 2005 fiscal year is the third year-end close cycle processed in OASIS PeopleSoft Financials. OASIS, Auditor-Controller, Purchasing and department users have gained valuable knowledge and experience from previous years which was applied towards this year's effort. This further improved the timeliness of the accounting year-end close performance when compared with previous years. [1]

These improvements further support the timeliness and accuracy of departments' annual reporting requirements, such as the Auditor-Controller's Comprehensive Annual Financial Report (CAFR), Flood Control and Water Conservation District's CAFR, Transportation Department's State Road Report and the Office on Aging Contract Close Report.

Project Costing

TLMA, Flood Control, and Office on Aging require the OASIS PeopleSoft Financials Project Costing module for tracking detailed project accounting. The project costing information is required to identify costs that can be applied to numerous projects and fund sources, including state and federal agencies, for projects and activities managed by these departments.

The Project Costing module had been problematic since PeopleSoft Financials went live in July 2002, primarily because of the limited functionality provided in the current version of the software. This required significant modifications to the system since 2002. Even after these modifications, TLMA, Flood Control and Office on Aging's business requirements have been only partially incorporated into the system requiring these departments to absorb higher operational costs than necessary, and in the case of Flood Control, to continue to operate a legacy system in tandem with PeopleSoft to meet their business needs. This will be corrected in the planned upgrade.

The Project Costing module supported the needs of the Office on Aging throughout the year and during the preparation of the 2005 Contract Close Report, which was submitted on time to the State on August 30, 2005. This report is used to secure annual grant funding to the Office on Aging for their operations.

In August 2005, the Auditor-Controller and OASIS cooperated to develop project codes for tracking time of departments involved in disaster response. In this case, the Project Costing module established cost accounting of activities that are reimbursable by FEMA for disaster relief funding when a future disaster is declared in the county.

State Road Report

The State Annual Road Report, which is prepared by TLMA and requires accounting information from project costing, has been of particular concern since go-live of OASIS. This report is a state-required report, prepared annually, and used to secure Gas Tax subventions of up to \$25 million annually to the county. The Annual Road Report is statutorily mandated to be prepared and submitted to the State Controller by October first.

The 2004 Road Report was finalized and submitted to the state in October 2004 on time. [2] This improvement was due to several system additions and reporting capabilities which were added to the PeopleSoft Financials in 2004.

Compared to the 2004 Road Report, the system and processes for 2005 have been improved. For example:

- ❖ Cost allocations have been reprogrammed and refined
- ❖ Reports to identify data anomalies have been refined and additional reports have been developed
- ❖ Time reporting processes and procedures continue to be implemented, further reducing time entry errors

These system enhancements, combined with improved user knowledge and acceptance, and coupled with the on-schedule 2005 year-end close, are expected to further stabilize the Annual Road Report process for 2005. The 2005 Road Report is again expected to be finalized on time in October.

Deposit Based Fees

The Deposit Based Fees (DBF) module was developed to track project costs related to fees levied by the county on development projects. The fees are deposited in an account from which departments can draw to cover the costs of their activities related to development projects. After project completion, any refunds owed to developers must be repaid within 45 days.

As reported last year, a backlog of DBF refund cases developed between July 2002 and July 2004 because the necessary system automation in OASIS was not completed until July 2004; two years later than originally promised. In July, 2004 the total case file exceeded 16,000 cases, with a backlog case file valued at \$7.15 million. As of September 1st, 2005, the backlog file was reduced to 3,903 cases, a reduction of 76 percent, valued at:

- ❖ Refund cases: \$ 3,142,750.11
- ❖ Collection cases: \$ 157,014 (fees owed to the County)
- ❖ Write-off cases: \$ 115 (case files \$5.00 or less)

Note that the DBF module typically processes 800 to 1,000 cases per week, representing 6 percent of the refunds in the system at any one time.

Financials Positive Pay and Warrant Validation

In cooperation with the Auditor-Controller, the PeopleSoft positive pay feature was implemented in June 2005 by OASIS. This feature dramatically reduces processing errors and provides the county with the option to significantly reduce warrant handling costs and fraud through electronic fund transfer (EFT) technology in the near future. Furthermore, the county's legacy reverse positive pay Warrant Validation system was decommissioned in July 2005 by OASIS, further reducing the operational costs of the financial system and improving overall system security.

Human Resource Management System (HRMS)

System Automation

In the past year, OASIS has been refining existing automation and building other core processes on which future development will be based. These include:

- ❖ Cleaning up eligibility rules, event rules, and benefit programs (September 2005)
- ❖ Improvements to system security using complex system password protocols, thus enhancing protection of confidential employee data (April 2005)
- ❖ Developing system auditing capabilities (April 2005)
- ❖ Automating loading of pay data or general deduction data (July 200)
- ❖ HRMS ePay (September 2005)

Benefits Administration/eBenefits Open Enrollment

Human Resources use HRMS Benefits Administration to manage county employee benefits. In anticipation of the 2005 open enrollment program, OASIS and Human Resources collaborated to enhance the benefits administration process. This project had three overall objectives:

- ❖ To educate Human Resources staff on the system configuration elements of benefits administration processing. This assists staff in understanding how the system works and improves their trouble-shooting ability.
- ❖ To eliminate redundant rules, consequently reducing maintenance time when changes are applied in the future.
- ❖ To combine benefit programs for groups whose benefit packages are the same, also reducing maintenance time as well as facilitating trouble-shooting.

This project was completed in September 2005.

As reported last year, the HRMS eBenefits module went-live on October 1, 2004. This module is a web-based, employee self-service component of the HRMS Benefit Administration module. The eBenefits module has significantly improved the efficiency

of the benefits administration process, as well as reduced paper-handling costs and data-entry errors. Employees now have online Internet access to their plan coverage information, enabling Human Resources to reduce their staffing costs and provide a higher level of customer service options to employees.

The eBenefits module will again be used for the 2005 open enrollment program.

System Audits

In April 2005, OASIS completed the development of an automated audit process for all system changes. This feature enables OASIS to identify who made changes to specific fields, what the changes were, and when they were made, thereby improving system integrity and error tracking. In addition, this eliminates error-prone and redundant data entry for both the Auditor Controller and Human Resources users by permitting each department to share data fields. Each office can now enter changes they have computed and know who did the keying if a question should arise.

Automated Data Loading

OASIS created configurable processes to enable loading of mass changes to payroll data and general deduction fields. This eliminates manual data entry processes and enables a faster turn around on negotiated changes.

HRMS ePay

Similar to HRMS eBenefits, ePay is an employee self service feature of HRMS that provides employees on-line internet access to their payroll remittance advice information. The ePay module went live in September 2005, utilizing the complex password security protocols developed earlier for protection of sensitive employee information.

Report Development

The OASIS Project Team did not initially address most Financials and HRMS reporting needs prior to the "go-live" of OASIS PeopleSoft, as bringing the system operational took precedence. Following "go-live", system stabilization took higher priority resulting in only basic reporting requirements being delivered to users. Report development is now receiving attention.

These basic reports consist primarily of bi-weekly (in the case of payroll), monthly, quarterly and year-end accounting reports delivered in a static format at the close of each payroll or accounting period. Typically they are a summary only. The lack of detailed reports, and the ability to dynamically analyze, or "drill-down", from the summary level has been a major complaint from system users since the initial go-live of both Financials and HRMS. This has been particularly problematic for departments that

require reporting capabilities within the current accounting period (i.e. prior to the close of the month or quarter).

Since the 2003 fiscal year, OASIS has offset partially this shortfall in reporting capabilities by developing system queries and providing system access to some departments to develop their own "private" queries. However, this has resulted in only limited success due to the complexity of the underlying PeopleSoft system and the difficulty in attaining the system knowledge necessary for effective query development.

In March 2005, the Auditor-Controller received Board approval to acquire a reporting system that addressed many of the shortfalls of the OASIS reports (Item 3.4 of 3/1/05). In June, a prototype of the system was demonstrated to department users by the ACO, which met with a very positive response. OASIS and ACO subsequently agreed to integrate the reporting system into OASIS. This system will now be supported and funded by OASIS. The system is currently in production stress testing by OASIS, ACO and department users.

Planned Enhancements

The OASIS system is now performing at peak capacity, within design tolerances and functionality limitations. Therefore, in addition to OASIS' continuous system improvement initiatives, planning is underway to add further enhancements to the system.

Financial System Upgrade

On July 12th, 2005 the Board approved the go-ahead for the upgrade of the OASIS PeopleSoft Financials system from version 7.5 to version 8.8. This is a major upgrade, involving the installation of new modules and the conversion and reconfiguration of the original system components installed in July 2002.

Upgrade is essential to address known shortcomings in the system, particularly in the project cost accounting and DBF modules. As noted, the current version of PeopleSoft Financials has required significant modifications and effort in order to match the county's business processes. Even after this effort, the system still falls short in some key business functions in the county.

Previous analysis by OASIS and some county departments has identified that the upgrade will resolve these known shortcomings, as well as provide significant automated workflow improvements and additional capabilities not currently available. These additional capabilities include:

- ❖ Budget planning and analysis capabilities integrated with detailed operational data
- ❖ Purchasing commitment control and streamlined approvals
- ❖ Contract management and project costing integration

To proceed on this upgrade, the system training approach has been dramatically changed, moving to an on-line design. Instead of the traditional classroom and instructor method, OASIS has acquired a computer-based training (CBT) system that incorporates the county's PeopleSoft system as the base system. The training materials instruction will be provided to department users on-line using the upgraded Financials system as reference. Users will be able to learn at their work computer on their own time and pace, instead of attending a scheduled class at one of the county's training labs. The PeopleSoft CBT system will provide testing and certification functionality, so users can be tested and scored once they complete their CBT session. Finally, the CBT system will remain on-line and available after go-live of the upgrade so new users or existing users can continue to utilize the system for ongoing instruction, certification or further refreshers on the system. That training is being utilized now.

The go-live date for the Financials upgrade is scheduled for February 2007.

HRMS Default Plan Rollover Processing

OASIS is developing another configurable process for use during open enrollment, to automate assigning employees to different insurance plans when they do not enroll themselves. This will be used when employees are currently enrolled in a plan that is to be eliminated in the coming plan year. This will replace the current (and substantial) manual processing of this effort.

HRMS Retro Check and Retro Benefits

OASIS will be developing programs to handle full retroactive automated processing for negotiated salary increases and benefit plan changes. Currently, this is processed manually.

HRMS ePay

This module provides the option for employees to update their mailing address and exemption status. This option was not configured during the first roll-out of ePay in September and therefore these functions continue to be handled centrally by dedicated data entry staff. These additional features are planned for 2006.

HRMS System Upgrade

OASIS is determining the requirements necessary to upgrade the PeopleSoft HRMS system from the current version 8.3 to 8.9. This will provide for improved integration with the upgraded version of PeopleSoft Financials.

The planned go-live for the upgrade is February 2007, to coincide with the Financials upgrade to version 8.8. The HRMS upgrade development effort will be handled exclusively by county staff – no additional software or consultant assistance will be necessary.

[1] The 2004 accounting year-end was closed on August 31st, 2004 and the 2003 year-end was closed on November 20th, 2003.

[2] The County incurred a suspension of Gas Tax subventions for the 2003 Road Report. All past due subventions were reimbursed to the County following the submission of the Road Report in January 2004.

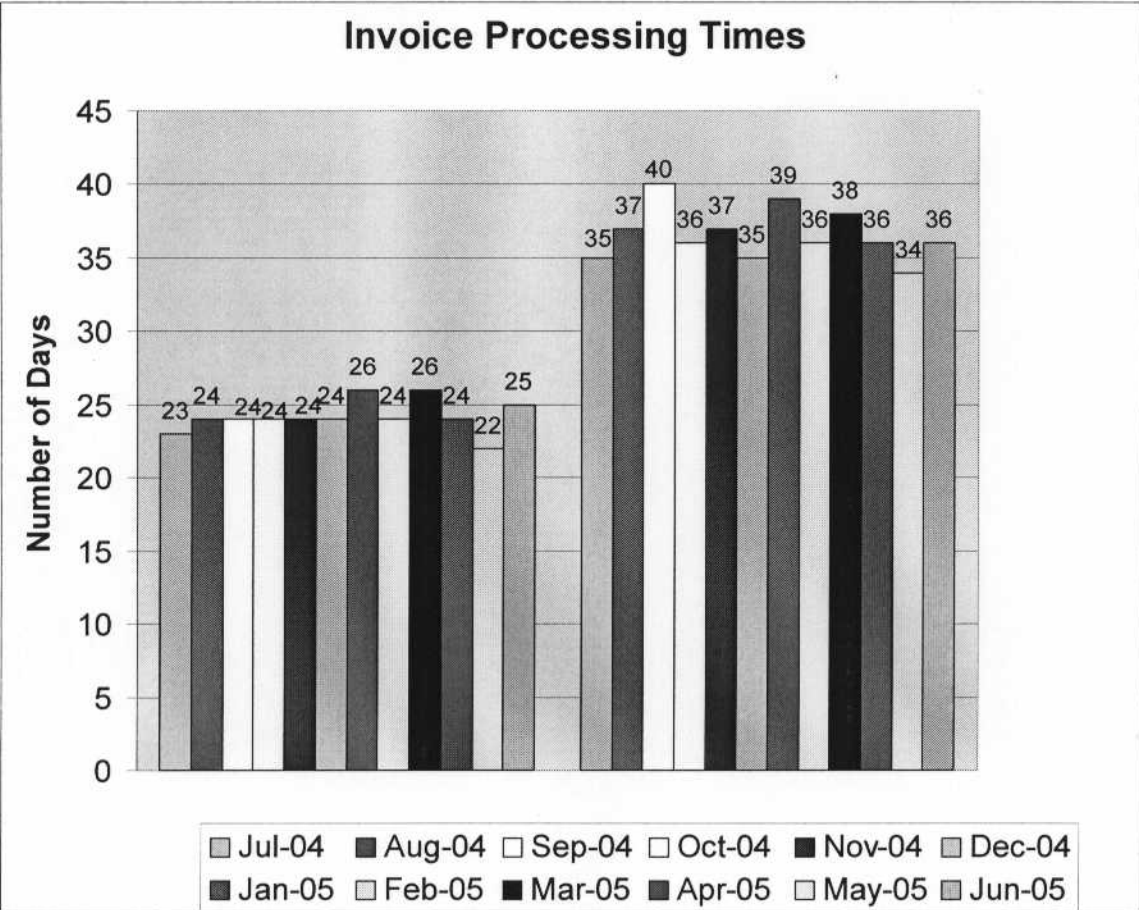
Appendix A

Financials System Invoice Performance

In October 2002, the financial system performance benchmarks were established as follows:

- 30 days to process vendor invoices and
- 45 days to clear the check to the vendor from the county's bank account

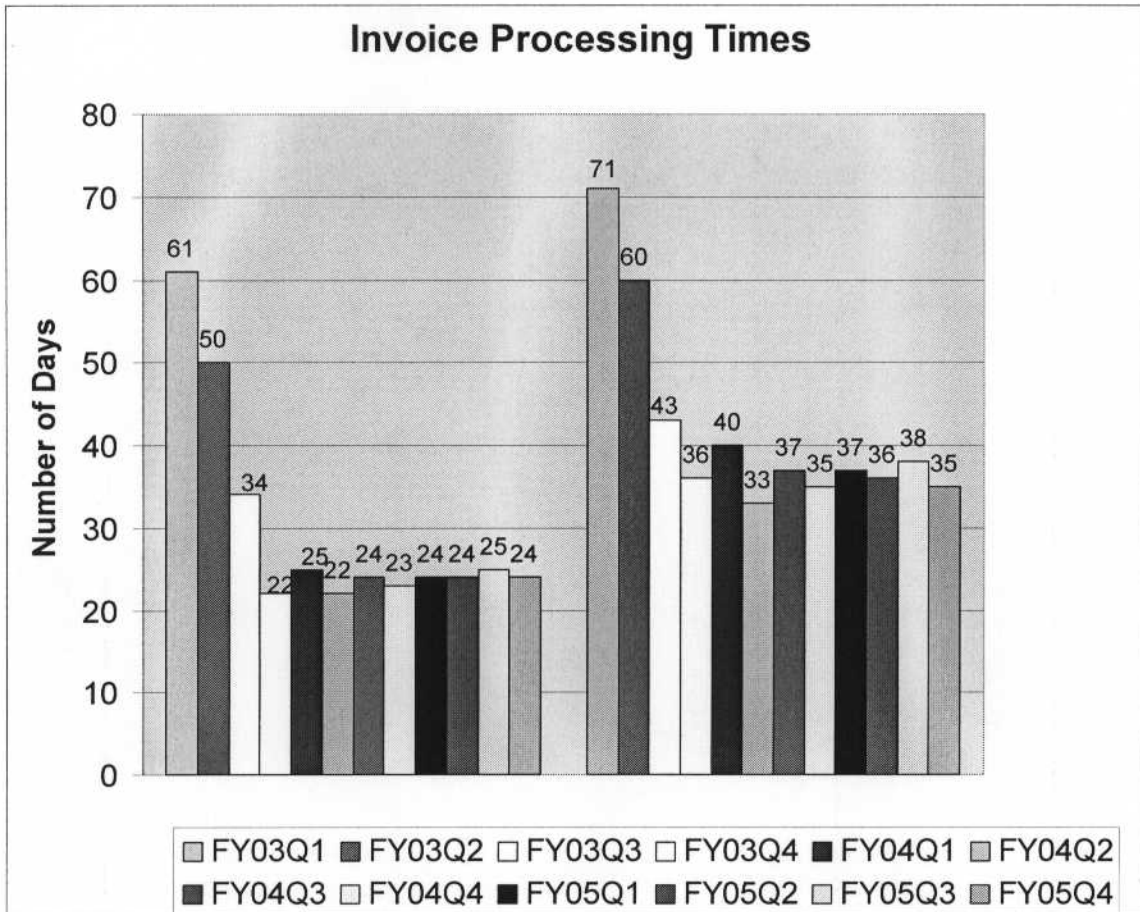
2005 Fiscal Year Financial System Performance – by month



Graph 1. 2005 fiscal year average invoice processing performance, graphed per month. The left-hand series represents average times for vendor invoice processing. The right-hand series represents average invoice processing times including check clearance from the county's bank account.

Note that the financial system has exceeded the established performance benchmarks for each month in the 2005 fiscal year.

2003 to 2005 Fiscal Years Financial System Performance – by quarter



Graph 2. 2003 through 2005 fiscal year average invoice processing performance, graphed per quarter. The left-hand series represents average times for vendor invoice processing. The right-hand series represents average invoice processing times including check clearance from the county's bank account.

Note improvements in invoice processing performance since 4th quarter of the 2003 fiscal year. The financial system has exceeded the established performance benchmarks for each quarter since then. Go-live of the Financials system was July 1st, 2002.