



Supporting County-level eGovernment Initiatives

Cumberland County, PA
Case Study



ERP System Helps to Streamline Core Business Processes, Supports County's e-Government Initiative for Enhanced Constituent Service

ORGANIZATIONAL PROFILE

With a \$160 million annual operating budget, Pennsylvania's Cumberland County and its 1,240 employees provide a wide range of public services to over 215,000 residents through approximately 50 operating departments including transportation, child welfare, public safety, and general government administration.

Like many government jurisdictions, Cumberland County leaders must address a dual challenge — meet increasing constituent demands for services in a climate of fiscal restraint and accountability. The resulting need to bolster internal efficiency drove Cumberland County leaders to incorporate new technology and best business practices into everyday work processes.

The County strives to realize its vision of a more efficient, technology-based, e-business model that enables employees to more effectively perform their jobs and, ultimately, be better prepared to serve the needs of an increasingly sophisticated citizenry.

BUSINESS CHALLENGES AND OPPORTUNITIES

Manual Processes Breed Inefficiencies

After 18 years, Cumberland County's legacy administrative systems could no longer provide the sophisticated functionality or immediate access to information needed for service delivery and program management. To achieve required functionality, numerous spreadsheet-based "shadow systems" in the finance and human services departments had been created requiring County staff to manually re-enter data in the legacy system. The County realized it needed a new, integrated system to streamline its operations and produce the long-range benefits County leaders desired: improved financial analysis and reporting capabilities for informed decision-making, streamlined purchasing, enhanced contract management, and automated human resources activities such as payroll and benefits administration.

Numerous labor-intensive processes resulting from a lack of automation and centralized data entry proliferated the County's 50 departments.

"We were wasting too much time running down the hall," says Terry Kline,

Cumberland County's ERP project manager. For example, Kline says because the County's purchase order (P.O.) module was not integrated with accounts payable (AP), staff spent a lot of time manually matching invoices.

Several other County administrative processes also required a high volume of paperwork and redundant data entry, creating multiple opportunities for inefficiencies and human error.

Manual Requisition-to-P.O. Cycle Creates Cumbersome Approval Process

Routine daily tasks, such as a simple supply order, could take up to one full week to process from a paper requisition.

Lack of Integration Leads to Contract Overpayments, Redundant Data Entry

Contract payments are one of the County's largest expenditures. The lack of integration between the procurement and AP modules made tracking contract payments against contract amounts difficult, increasing the potential for overpayments.

In addition, the County's lack of an efficient benefits administration system required manual entry of deductions for employee benefits into its legacy payroll system. Without an integrated HR and payroll system, one of the County Controller's staff spent one day every two weeks manually entering new hire, pay change and leave of absence data into the payroll system.

Cash Receipts Process Hinders Timely Financial Analysis

Individual departments filled out a paper form for each cash transaction and hand-delivered cash/checks along with the form to the County Treasurer's Office. "It would take days, *sometimes weeks*, for daily information to show up in the system for analysis purposes," says Kline. As a result, decision makers often lacked timely information on customer service, operational cash flows, and available budget balances to fund ongoing or new projects.

REALIZED VALUE

Since implementing Lawson's Financial, HR and Procurement suites, Cumberland County has documented several specific benefits, including:

- Realized a one-time savings of \$1 million when, due to tighter purchasing controls, the County's purchasing levels came in significantly lower than anticipated.
- Saved the County controller 195 data entry hours per year, or approximately \$3,000 by integrating benefits administration and payroll systems.
- Increased overall efficiency by decentralizing data entry tasks from one department to the 50 County departments. Each department became empowered to control their own financial data, from input to final reporting and inquiry. Specific areas were Purchase Requisitioning, Cash Receipt data entry for all departments, and AP Invoice data entry and matching for 12 high-volume County departments. Centralized data entry people in the Controllers Office, Finance office, and Treasurer's Office have more time to perform analytical tasks that once took a back-seat to the manual-intensive data entry tasks of the past.
- Tripled purchase orders without hiring new purchasing staff. An employee from the Finance department became a second buyer. The work the employee left behind was reallocated to others, or assigned a low priority for the future.
- Consolidated 17,000 former account numbers by more than 90 percent — into 1,500 account numbers — using Lawson's General Ledger Chart of Accounts structure. The mere two hours of data entry saved per Fiscal Officer during every budget process alone translates into \$1,125 annually.
- Saved 15-20 staff hours per month, or \$1,000 annually, in the Controllers Office by moving reporting to the departmental level. Instead of spending two days creating monthly paper reports and distributing them to 50 department heads, department heads now view their own data online, or run their own reports on the new system.

Disparate Databases Delay Data Access, Complicate Reporting

Historically, the County housed human resources data in several, decentralized locations, including its legacy system, Microsoft® Access databases and Excel spreadsheets. Because County HR employees were not familiar with the legacy format, IT had to pull the information out of the green-screen, mainframe system and export it into a usable Excel format. This often meant they would not have timely access to requested data.

The scattered nature of this data made it difficult and time-consuming to perform mass personnel actions or updates to employee benefits. The County also classified its 1,240 employees under non-standardized job and workers compensation codes, which made reporting to state and federal agencies a highly labor-intensive process.

The County's former financial system made it difficult to meet increasingly complex federal and state financial reporting requirements, such as those required by the Governmental Accounting Standards Board (GASB). Paper-based, manual processes hindered staff's ability to capture data in a timely manner. When new reporting rules drastically restructured information requirements, the County's reporting workload promised to be even more challenging.

Managers of the 50 different County departments complained about limited access to the data in the old system. Day-to-day decision-making was performed from paper reports produced at month-end by the County Controllers Office. "Department Heads would have to comb through volumes of paper reports to find any financial discrepancies that may have occurred in the previous month. Also, by the time they received paper reports, the data was already outdated, last month's information," says Kline.



“The Lawson screen design and layout is simple and intuitive. Based on our users’ varying degrees of computer literacy, it was very important that we choose a system that wasn’t complex.”

Terry Kline
ERP Project Manager,
Cumberland County

SELECTING AND IMPLEMENTING AN ERP SOLUTION

Cumberland County realized it needed a fully integrated Enterprise Resource Planning (ERP) system to provide decision-makers with better access to operational data.

Ease-of-Use, Flexibility Key Factors in Selection Process

In the fall of 2002, the County established an executive steering committee, hired a County project manager, and created a core team of 15 power users from across County departments to formulate a set of technical and business requirements for each functional area. They also identified over 200 functional business requirements to be included in the County’s ERP system Request for Information (RFI).

After careful analysis of vendor responses to the County’s requirements and several onsite product demonstrations, the committee chose to implement the Lawson® integrated ERP system, including the Lawson Financials, Human Resources and Procurement suites. “The unanimous favorite was Lawson Software,” explains Kline. “Its ERP package provided a close fit to the County’s specified business needs, with the added flexibility and functionality we needed.”

County leaders also liked the Lawson product for its ease of use. “The Lawson screen design and layout is simple and intuitive,” says Kline. “Based on our users’ varying degrees of computer literacy, it was very important that we choose a system that wasn’t complex.”

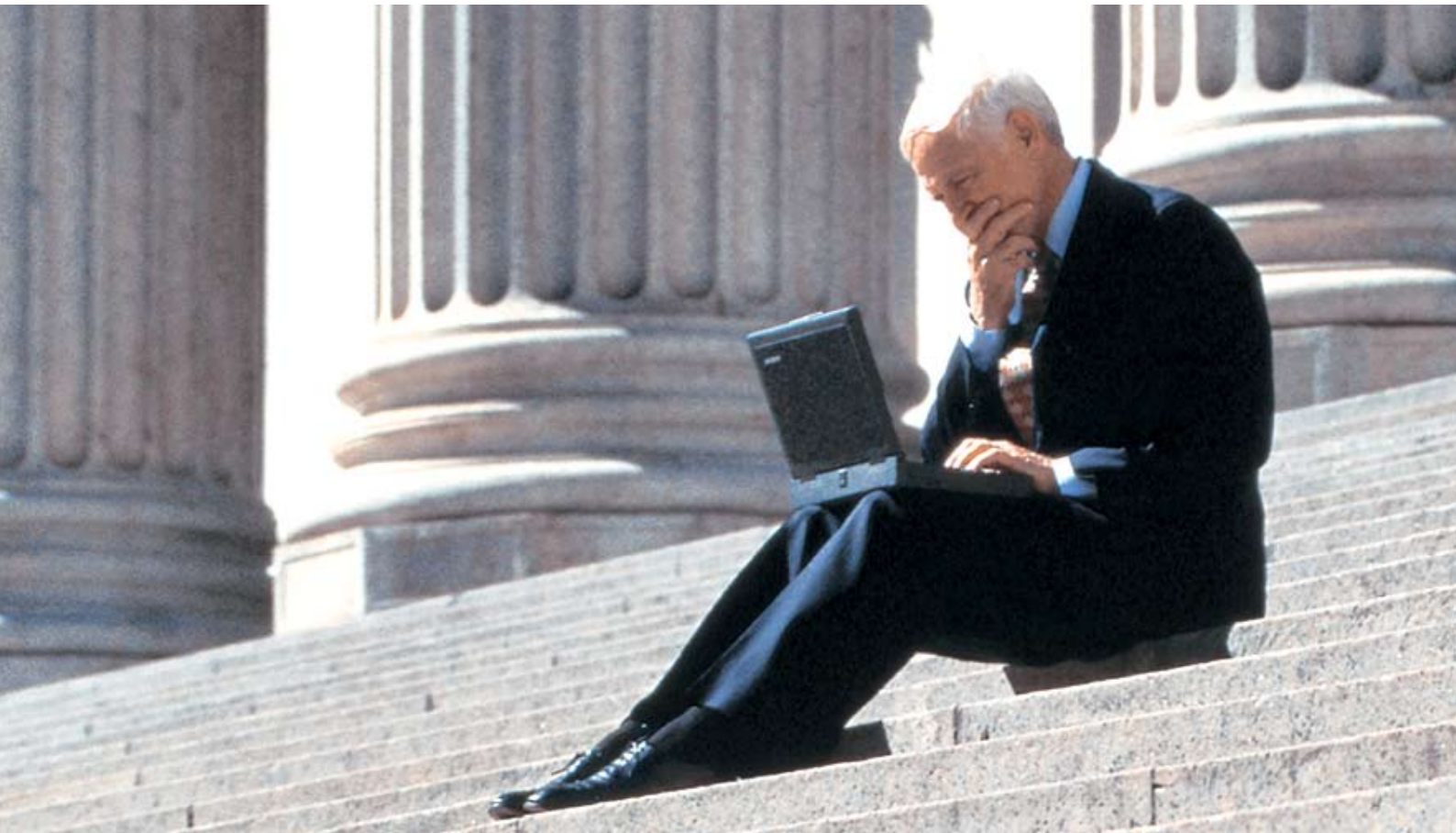
Multi-Phased Implementation Eases Transition

As Cumberland County began planning for its implementation, it enlisted the help of AnswerThink, an implementation consultant known for its Best Practices Implementation methodology that has served more than 27 Lawson clients over the past three years. The County implemented its "Operation e-Solutions" in two phases: Phase I, Lawson Financials and Procurement suites, completed in January 2004; Phase II, Lawson Human Resources suite, completed in January 2005.

During the implementation, the ERP steering committee, core team of power users and AnswerThink consultants met several times per week and communicated updates to their own departments. The power users reviewed documentation to ensure accuracy and helped prepare their departments for each application's "go live" date. "Once we had a solid implementation design, we took it to a separate management advisory committee made up of County managers, which helped secure buy-in and contributed to our successful implementation," explains Kline.

While the HR implementation was on time and on budget, the County discovered its HR/benefits data was inconsistent and sometimes inaccurate. "The ERP implementation process forced us to cleanse our HR benefits data," says Kline. "It was a very painful, but worthwhile process."

During both implementation phases, the ERP committee communicated to employees on a regular basis via newsletters and the County's internal Website. During Phase II, the project team added a memo that detailed what was happening to the County's business systems, why it was important to overall operations, and how it would affect employees' paychecks and benefits.



REALIZED VALUE, SUPPORTED BY LAWSON

The data consolidation and business process automation achieved with the integrated ERP system now enables Cumberland County to streamline many of its core administrative tasks, promote paperless workflows and boost overall internal efficiency. In addition, the integrated system:

- Provided real-time, online financial information for critical decision-making.
- Consolidated various County data sources into one central integrated database.
- Enabled electronic information flow from the County to other governmental agencies.

Automation and Decentralization Boosts Efficiency, Productivity

The integration, collaboration and automation between the County's financial and purchasing processes have improved efficiencies and financial management. The streamlined accounts payable system facilitates automated workflows for approvals as well as online purchase orders, invoice entry and employee expense reporting. "Individual departments manage their own operations and more easily integrate standard administrative functions into their unique service delivery models," explains Kline.

Automated Invoice Matching Streamlines AP

The County's 12 highest-volume departments now enter their invoices into the system, which automatically matches invoice detail to purchase order detail. The County has eliminated time-consuming manual matching and "bottlenecks" in the central AP department, which used to receive hundreds of last-minute invoices for processing every two weeks. And, the staff no longer has to duplicate entry of AP invoice data into "stovepipe" or departmental "shadow" systems.

"AP staff has more time to perform strategic functions and analysis," says Deputy Controller Bob Dagrosa. "We have real-time information and more time to analyze it, enabling us to discover problems, correct errors much faster and deliver more valuable advisory services to the departments."



Automated Approval Process Speeds Requisition-to-Purchase Order Cycle

The County has noticed significant productivity gains and efficiency improvements within its purchasing functions, particularly in the requisition-to-purchase order process for selected items. Now all 50 departments use the same requisition process and system, giving the County much greater control and consistency in managing and processing supply orders and expenditures for these items.

The ERP system's electronic workflows now allow documents to pass from the employee's desktop to the online inbox of the department head or supervisor for electronic signature approval in minutes and then directly to finance for approval.

"This has freed up quite a bit of time for our finance staff who no longer have to reenter data," says Dana Best, manager of Budget and Finance, Cumberland County. "We've tripled our purchase orders, but rather than hire new purchasing staff, we've been able to reallocate some of our finance staff to that department."

Because the system integrates the County's budgetary and encumbrance data, a systematic budget check, or "hard stop," is built into the online requisition approval process to help prevent overspending. This feature, combined with overall better management of County purchasing processes, resulted in purchasing levels coming in \$1,000,000 lower than anticipated in the year of implementation. "The automated controls keep folks informed on their current budget status and notifies them immediately if their request will create a budgetary issue. The system helps to minimize potential contention between departments and finance, minimizes potential issues with vendor payments and allows departments to better manage spending for their programs and services."

Automated Contract Management Prevents Overpayment

Before implementing Lawson, the County's accounts payable supervisor manually reviewed all paper invoices and related paper contracts to determine the appropriateness of each payment. Overpayments sometimes occurred due to oversights in this manual process or inaccurate — or incomplete — data.

Tight integration between the new procurement and AP modules enables the County to better enforce its payment policy: AP transactions over \$250 must be accompanied by a valid contract or P.O. number. In addition, the AP system will not allow entry of transactions with an incorrect contract number, or a contract that has reached its maximum budgeted amount.

Standard Chart of Accounts Improves Financial Visibility

The County's standardized Chart of Accounts has resulted in better financial visibility and management. County managers and department heads now have a consolidated view of the enterprise. And, Lawson's General Ledger has helped consolidate 17,000 former account numbers by more than 90 percent — into just 1,500 account numbers.

"Today, everyone is using the same account numbers for the same reason, and it's all available under one centralized database, saving at least one day of data entry per year," says Kline.

Automation Eliminates Manual Cash Receipt Entry

Instead of delays in showing up in the legacy financial system, Lawson's automatic cash system eliminates the need for any manual data entry into the General Ledger. Since departments enter their cash transactions online, directly into the system, cash receipts information is now available online, real-time. The Treasurer's office then verifies the cash total, approves the transaction online, and creates a cash receipt for the department.

“The Drill Around® feature allows our HR staff fast, online access to an employee’s history of personnel actions or benefit changes instead of having to rifle through paper files”

Terry Kline
ERP Project Manager,
Cumberland County

Centralized Database Improves HR Administration

By integrating its HR processes on a single system with a centralized database, the County is more effectively managing core HR functions, such as payroll and benefits administration. “The Drill Around® feature allows our HR staff fast, online access to an employee’s history of personnel actions or benefit changes instead of having to rifle through paper files” explains Kline.

Before the Lawson implementation, Cumberland County did not have specialized software to manage its employee benefits. When County Commissioners approved new hires, terminations, leaves of absence or pay changes, the Controller’s Office had to manually enter information into the payroll side of the legacy system. Now HR staff can enter employee benefits information directly and it automatically updates to payroll.

The County has realized several other HR-specific process improvements since implementing the integrated Lawson system. These include:

- HR/Payroll employees now have direct access to HR/Payroll data for analysis purposes and can create ad hoc reports in minutes.
- HR managers can enter approved personnel actions with a future date, which the system processes on the effective date.
- Key County personnel receive automatic email notifications when certain pre-determined employee changes occur, such as terminations or leaves of absence. These notifications serve as triggers for system security and payroll changes.
- All employees are tracked under standardized job and workers compensation codes for easier government reporting.

Access to Real-Time Information Improves Reporting

Tight integration and standardization between core business applications allow departments to share real-time data across departments. Consolidating back-office systems on a single database with integrated applications has provided County managers immediate access to more detailed — and more accurate — information for significantly enhanced decision-making and budget tracking purposes.

Individual departments now manage their own reporting needs. The Controller’s Office no longer spends two days running monthly reports and sending volumes of paper to 50 department heads. “Those departments now run their own reports from their desktops without re-keying into Excel,” explains Dagrosa. “The system allows them to capture data from anywhere in the enterprise at anytime.”

The County now has 233 system users – 20 percent of its workforce – who can run their own reports. This has saved the Controller’s Office approximately 15-20 hours a month and approximately \$1,000 in personnel costs per year.

System Simplifies Compliance with Government Reporting Requirements

The County’s integrated ERP system provides more advanced reporting and analysis capabilities, which are necessary to comply with evolving federal and state reporting requirements, especially in relation to grant accounting.



Achieving the Real-Time Enterprise

SETTING THE FOUNDATION FOR THE FUTURE

Building on its e-government improvements from its partnership with Lawson and AnswerThink, the County expects to complete Phase III of its multi-phased implementation in late 2005 — Employee and Manager Self-Service application. This application will extend the capabilities of the County's HR system by giving employees online access to their personal HR information, including vacation time accruals and benefits information. County managers expect this application to reduce the time spent responding to inquiries for benefits and payroll-related information. "Half of our HR staff's time is spent on the phone," says Kline. "So we anticipate there'll be significant time and cost savings once we roll out self-service."

In the future, the County can enhance its integrated ERP system with Internet portals to provide citizen access to government financial information and online services. For example, a new electronic procurement process may result in a consolidation of the County's vendors and reduced supply costs. "We are looking for the system to provide the foundation for extensive e-business operations," says Kline.

Overall, Cumberland County's ERP system has resulted in faster, more accurate access to information while integrating better government practices throughout its operations. County employees can now access the information they need in the format they want.

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