



Performance Audit:

Pre-Implementation Review of the ERP System

Why We Did This Audit

We included this topic in our 2005 audit plan because of the city's past problems in implementing information systems, notably PeopleSoft in 1999. PeopleSoft was heavily modified and lacked controls, which created problems the city is still coping with today. This audit should help ensure that effective controls are part of the new ERP system and the implementation process.

What We Found

Creating 43 interfaces between the ERP system and other applications is a major part of implementation. These systems transfer data to other organizations or provide specialized functions that cannot be done in the ERP system itself.

Although the Department of Aviation reported spending \$12.1 million on an ERP system that was implemented only two and half years ago, the department will have to discontinue using that system and interface its current information systems with the new ERP system. The cost of the interface is not yet known.

The ERP system will not be able to automate all city processes. As a result, some processes will still be done manually and will require additional controls.

Data in current systems should be corrected before transfer to the ERP system. In addition, the ERP system uses a single database, which makes having a disaster recovery plan an essential part of the transition to the new system.

Streamlining HR/payroll processes will help the city to achieve the benefits of an ERP system.

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What Is the City's ERP System?

An Enterprise Resource Planning (ERP) system integrates all departments and functions across an organization onto a single computer system that aims to serve all users. The city is implementing an ERP system to automate and integrate most of its business processes and to produce and access current information quickly. The planned completion date for the financial and procurement portions of the ERP system is October 2006, followed by the human resources and payroll modules in January 2007.

What We Recommended

Estimate the additional cost of system implementation at the airport and add the cost to the ERP project budget.

Prepare written policies and procedures for all manual processes that will not be automated in the ERP system.

Develop a formal plan for system access that user departments must follow when the ERP system is operational.

Develop a formal, written data conversion plan that defines clean data and specifies the source and destination of all data items being converted.

Prepare and test a disaster recovery plan for the ERP system to ensure it is adequate before the system is operational.

Streamline HR/Payroll practices to best configure the ERP system: a.) consolidate city employees into as few pay groups as possible; b.) strictly enforce the 90-day waiting period for health benefits by eliminating the option of employees' paying the full cost; c.) analyze the fiscal impact of reducing or eliminating the 90-day waiting period; d.) process all taxable employee benefits through payroll; e.) eliminate comp time for department heads and other senior management staff; and f.) eliminate donated leave. Draft changes to legislation or administrative regulations as appropriate to accomplish these changes.