



United States  
General Accounting Office  
Washington, D.C. 20548

Accounting and Information  
Management Division

B-282421

June 18, 1999

The Honorable Ernest J. Istook, Jr.  
Chairman, Subcommittee on the  
District of Columbia  
Committee on Appropriations  
House of Representatives

Subject: District of Columbia: New Financial Management System

Dear Mr. Chairman:

The House Appropriations Committee's Subcommittee on the District of Columbia has had a continuing interest in the District's efforts to acquire a new financial management system. On March 3, 1999, we briefed your office as part of a series of assignments focusing on the status of the acquisition progress of the District's new System of Accounting and Reporting (SOAR). This letter provides additional data responding to follow-up inquiries on training attendance, contract costs, software applications, the implementation of SOAR at the University of the District of Columbia, and transition assistance.

Question 1: What are the training attendance statistics for SOAR by agency?

GAO Response: Training attendance statistics for the period January 1998 through April 1999, as provided by the SOAR Deputy Program Director, indicate the following:

- District-wide, over 9,000 training slots were scheduled;
- 58 percent of those scheduled for training attended; and
- 42 percent did not attend scheduled training.

The following table provides a breakdown of reported attendance by District agencies for SOAR training courses.

167358

**Table 1: Reported Training Attendance by District Agency for the Period January 1998 Through April 1999**

Agency	Number of staff scheduled	Number who attended	Number who did not attend	Percentage who did not attend
Office of the Chief Financial Officer	2,238	1,170	1,068	47.7
Department of Public Works	1,205	815	390	32.4
D.C. Public Schools	724	429	295	41.0
Department of Housing Development	551	356	195	35.4
Financial and Technical Services Division	510	294	216	42.4
Metropolitan Police Department	426	246	180	42.3
Water and Sewer Authority	399	168	231	57.9
Office of the Inspector General	259	146	113	44.0
D.C. General Hospital	211	82	129	61.1
Department of Corrections	196	76	120	61.2
<b>Subtotal</b>	<b>6,719</b>	<b>3,782</b>	<b>2,937</b>	<b>43.7</b>
Other agencies	2,858	1,733	1,125	39.3
<b>Total</b>	<b>9,577</b>	<b>5,515</b>	<b>4,062</b>	<b>42.4</b>

Source: District of Columbia Office of the Chief Financial Officer, SOAR Program Office. We did not independently verify this information.

The SOAR Program Director told us that the overall 42 percent nonattendance rate was unacceptable. He pointed out that training costs are currently being financed centrally under the umbrella contract with KPMG. He stated that a number of initiatives are being considered to improve attendance, for example, having agencies absorb the cost of the training when their employees fail to show up for scheduled training. Also, District officials told us that they plan to pilot a job certification program for employees in financial positions at one District agency this summer. Under this program, employees would be certified for financial positions based on training and testing.

**Question 2:** What are the reported contract costs and total hours by deliverables for SOAR?

**GAO Response:** District contract agreements for SOAR implementation total approximately \$26 million (\$21 million for the contract with KPMG and \$5 million for James Martin Government Consulting) for the period 1997 through 2002. The SOAR implementation effort includes approximately 70 deliverable work products for KPMG. The following table reflects the reported contract amounts and total hours for the deliverables in the various phases of the project.

**Table 2: Reported Contract Amounts for SOAR Deliverables**

Deliverables	Hours	Reported contract amount
Phase 1 Project Management	12,068	\$ 1,249,897
Phase 2 Requirements Confirmation	4,424	541,920
Phase 3 Infrastructure Analysis	400	58,159
Phase 4 Financial Systems Implementation	60,032	7,262,240
Phase 5 External Interfaces	9,441	1,391,520
Phase 6 Conversion	10,000	1,016,430
Phase 7 Training	2,080	582,710
Phase 8 Business processing reengineering services	36,057	4,459,890
Other deliverables		
Optional technical services		695,760
Software maintenance		1,032,795
Hardware maintenance		1,409,769
COTS training (option years 1 - 4)		1,513,500
<b>Total</b>	<b>134,502</b>	<b>\$21,214,590</b>

Source: District of Columbia Office of the Chief Financial Officer, SOAR Program Office. We did not independently verify this information.

As of December 21, 1998, the SOAR Program Office had requested additional funding for six contract modifications totaling \$8.4 million. The modifications were to support (1) knowledge transfer at the major agencies through fiscal year 2000, (2) centralized transition assistance for remaining agencies through fiscal year 2000, (3) interfaces for remaining agencies and feeder systems, (4) SOAR implementation at the University of the District of Columbia, (5) specific knowledge transfer at D.C. Public Schools, and (6) the implementation of the Advanced Purchasing Inventory Control system (ADPICS) modules for the Office of the Chief Financial Officer.

**Question 3:** Which applications of the vendor's financial management package is the District of Columbia government implementing?

**GAO Response:** The District purchased 4 of the 13 available applications in the vendor's mainframe and client/server financial management product line for state and local governments. These applications may be used separately or as part of an overall system depending on the client's current environment, objectives, and constraints. The SOAR Program Director told us that the applications purchased by the District incorporate both mainframe and client/server products to meet its requirements as outlined in the request for proposal. The 13 applications available in the vendor's product line from which the District could have selected are described below.

The mainframe financial software includes the following:

- ADPICS addresses a wide range of processing requirements in the functional areas of requisition process, bid processing, purchasing, receiving, and inventory management and control.
- The Relational Standard Accounting and Reporting System (R\*STARS) includes general and subsidiary ledger accounting, appropriations, departmental allotments,

encumbrances, expenditures, accounts payable, warrant preparation, reconciliation, fixed assets, project and grant accounting, performance accounting, cash management, and a fully automated year-end closing.

- The Financial Accounting Management Information System is a fully integrated financial management system that includes, among other components, general ledger and subsidiary accounting, budget preparation and planning, cost accounting, check writing, and reconciliation.
- The Budget Preparation System allows agencies and budget analysts to enter detailed budget requests, manipulate and adjust them as successive reviews are completed, and receive detail and summary-level reports. It also supports budgets for grants and capital projects for expenditures and revenues.
- The Graphical User Interface Capability is an integrated, Windows-based graphical interface for financial management software.

The client/server financial software includes the following:

- Performance Budgeting is designed to help develop, review, approve, and publish budgets.
- Performance Executive is an advanced executive information/decision support application that consolidates data from other external applications.
- Performance Accounting allows users to enter budget transactions, revenue transactions, expenditures (including pre-encumbrances and encumbrances), and journal entries directly into the financial system.
- Performance Asset Management supports accounting, management, and control over all capital and controllable asset items.
- Performance Cost Allocation supports the distribution of indirect costs and performance data across programs, projects, and other categories.
- Performance Inventory provides complete functionality for tracking inventory.
- Performance Labor Distribution performs detailed distribution of personnel costs, collects performance measures, and records costs associated with equipment and supply usage.
- Performance Purchasing supports requisitions, solicitations, bids, purchase orders, invoicing, and receiving for a fully automated procurement process.

As shown in the following table, the District has installed and plans to fully implement three of these applications and a portion of a fourth.

**Table 3: KPMG Applications Installed by the District of Columbia Government for SOAR**

KPMG applications	SOAR	Comments
Accounting: R*STARS	Installed.	
Performance Budgeting	Installed.	
Performance Executive	Installed.	
Purchasing: ADPICS	The District is implementing the purchasing and inventory control module of the ADPICS software as an interface with the District's new procurement system.	Components in ADPICS such as bid processing, receiving, and requisition processing were not included in the new financial management package because these are redundant with the new procurement system components.

Source: KPMG Technical Support Services.

**Question 4:** What is the cost of the implementation of SOAR at the University of the District of Columbia (UDC) and what are the components of that cost?

**GAO Response:** Originally, UDC was acquiring a separate system that specialized in higher education accounting. Subsequently, UDC determined that SOAR could satisfy its requirements and opted to install SOAR rather than a separate new system. The District negotiated with KPMG under the umbrella of the original contract. The cost for this increased functionality is estimated at about \$1 million. The costs are not-to-exceed amounts and the labor categories and rates are the same as those for the ongoing District-wide implementation of SOAR. KPMG developed a two-phased work plan that includes project management and systems and process integration. The components of the cost are based on the following:

- overall project management,
- process reengineering,
- infrastructure analysis,
- system installation and implementation,
- training, and
- post-implementation support.

**Question 5:** Which District agencies do not plan to utilize the new financial management system, and why?

**GAO Response:** It is our understanding, based on discussions with the SOAR project office and review of implementation documents, such as the project plan, agency rollout schedule, and training plan, that SOAR will be implemented in all District agencies.

**Question 6:** What types of resources are dedicated to transition assistance?

**GAO Response:** According to District officials, SOAR users have several avenues for problem solving relating to the operation of SOAR. Users may use reference material (tool kits, SOAR instruction manuals, and training materials), contact the SOAR Help Desk, and obtain assistance from the Technical Infrastructure SWAT Team. This team works on an adjunct

basis to the Help Desk, and its primary function is to focus on solving critical and urgent infrastructure problems related to current financial systems implementation. The SWAT team presently consists of 16 members from the following offices:

- the Chief Technology Office with responsibility for issues related to the D.C. Wide Area Network;
- the Office of the Chief Financial Officer/Office of the Chief Information Officer with responsibility for issues related to the Financial Information Systems;
- the agency technical leads with responsibility for issues related to the agencies' local area networks and applications; and
- the information technology project technical leads with responsibility for issues related to the specific information technology projects.

We conducted our work from March 1999 through May 1999 in accordance with generally accepted government auditing standards. We requested comments on a draft of this letter from the District's Chief Financial Officer. The Chief Financial Officer provided clarifying comments that we incorporated into this letter as appropriate.

We are sending copies of this letter to Representative James P. Moran, Ranking Minority Member, Subcommittee on the District of Columbia, House Committee on Appropriations; Representative Thomas Davis, Chairman, and Representative Eleanor Holmes Norton, Ranking Minority Member, Subcommittee on the District of Columbia, House Committee on Government Reform; Senator Kay Bailey Hutchinson, Chairwoman, Subcommittee on the District of Columbia, Senate Committee on Appropriations; Senator Richard Durbin, Ranking Minority Member, Subcommittee on the District of Columbia, Senate Committee on Appropriations, and Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs; and Senator George Voinovich, Chairman, Subcommittee on Oversight of Government Management, Restructuring and the District of Columbia, Senate Committee on Governmental Affairs. We are also sending copies to the Honorable Anthony A. Williams, the Mayor of the District of Columbia, and Valerie Holt, Chief Financial Officer, District of Columbia. Copies will be made available to others upon request.

If you or your staff have further questions or would like to discuss our responses in more detail, please contact me or Norma Samuel at (202) 512-4476. Key contributors to this assignment were John C. Martin and Linda Elmore.

Sincerely yours,



Gloria L. Jarmon  
Director, Health, Education and Human Services  
Accounting and Financial Management Issues

(916274)

---

### Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

**Orders by mail:**

U.S. General Accounting Office  
P.O. Box 37050  
Washington, DC 20013

**or visit:**

Room 1100  
700 4th St. NW (corner of 4th and G Sts. NW)  
U.S. General Accounting Office  
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET send an e-mail message with "info" in the body to:

[info@www.gao.gov](mailto:info@www.gao.gov)

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

---

**United States  
General Accounting Office  
Washington, D.C. 20548-0001**

**Bulk Mail  
Postage & Fees Paid  
GAO  
Permit No. G100**

---

**Official Business  
Penalty for Private Use \$300**

**Address Correction Requested**

---