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CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

October 16, 1985

Budget and Finance Committee
Sacramento, California

Honorable Members in Session:

SUBJECT: Request for Proposal for Financial Management
Information System (FMIS) Software

SUMMARY:

The attached report is being submitted to the Budget and Finance Committee for review and recommendations prior to consideration by the City Council at their regular meeting October 29, 1985.

RECOMMENDATION:

It is recommended that the City Council approve the attached Resolution authorizing the City Manager to issue a Request for Proposal for a financial management information system to the following firms: (1) American Management Systems, (2) Arthur Young, (3) Peat Marwick Mitchell & Co., and (4) Systems & Computer Technology.

Respectfully submitted,

Jack R. Crist
Director of Finance

Jim Puthuff
Data Processing Director

Attachments

RECOMMENDATION APPROVED:

Walter J. Slupe
Solon Wisham, Jr.
Assistant City Manager

FOR



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

October 11, 1985

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

CITY COUNCIL
SACRAMENTO, CALIFORNIA

HONORABLE MEMBERS IN SESSION:

SUBJECT: Request for Proposal for Financial Management
Information System (FMIS) Software

SUMMARY

This report recommends that the City Council, by Resolution, authorize the City Manager to issue a Request for Proposal (RFP) to the following firms: (1) American Management Systems, (2) Arthur Young, (3) Peat Marwick Mitchell & Co., and to (4) Systems & Computer Technology. The purpose of the Request for Proposal (see Attachment 1) is to allow the City to evaluate financial software packages in order to obtain the financial management software that will best meet the City's needs.

BACKGROUND

On September 3, 1985, City Council authorized hiring Touche Ross as consultants to assist City staff in developing a FMIS software Request for Proposal (RFP) document, as well as furnishing the consulting expertise essential to a successful software acquisition and implementation process (see Attachment II for details).

Initially, Touche Ross and City staff prepared a FMIS Request for Information (RFI) document which was sent to all known software vendors, accounting firms, and hardware vendors that market financial management information systems. The purpose of the RFI was to enable the City to identify three or four highly qualified firms that market FMIS software packages that most closely meet the City's needs. An

RFP will then be issued to only those vendors who were prequalified. By reducing the number of RFP's issued to those firms most qualified, City staff and Touche Ross will be able to more thoroughly evaluate the proposed systems.

Prequalifying Selection Process On September 19, 1985 thirty-one RFI's were sent out to software vendors, accounting firms and computer vendors. Ten firms replied by our deadline date of October 7, 1985. City staff and Touche Ross evaluated the ten RFI replies and based on our selection criteria (see Attachment III for details) recommend American Management Systems, Arthur Young, Peat Marwick Mitchell & Co. and Systems & Computer Technology as those firms that most closely meet the City's needs.

FINANCIAL

The FMIS project budget is as follows:

1985-86	\$200,000
1986-87	236,000
	- - - -
TOTAL	\$436,000

The 1985-86 amount of \$200,000 has previously been appropriated and is available in the City's 1985-86 CIP Budget. The FMIS project budget is a very preliminary budget and will be refined once actual proposals are received from vendors.

The estimated budget amounts do not address hardware costs for the interim computer. It is not known at this time how long the interim computer will be required. However assuming the interim computer is required for 3 years, it is estimated that the additional hardware costs would be in the range of \$180,000 to \$240,000 per year. At this point, hardware costs are a function of what the software vendor proposes and it is too early to project. We will keep the City Council advised as to this cost component as vendor proposals are received and we have specific sot data to work with.

The City is under no financial obligation by issuing a Request for Proposal for a financial management information system.

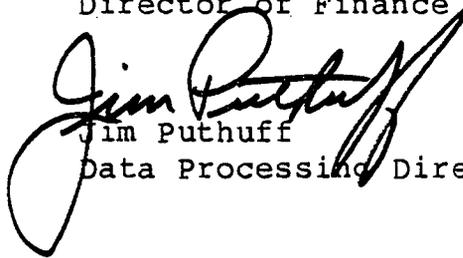
RECOMMENDATION

It is recommended that the City Council approve the attached Resolution authorizing the City Manager to issue a Request for Proposal for a financial management information system to the following firms: (1) American Management Systems, (2) Arthur Young, (3) Peat Marwick Mitchell & Co., and (4) Systems & Computer Technology.

Respectfully submitted,



Jack R. Crist
Director of Finance



Jim Puthuff
Data Processing Director

Attachments

Recommendation Approved:

Walter J. Slipe
City Manager

cc: Department Heads
FMIS Project Team
MIEC

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL ON DATE OF

RESOLUTION AUTHORIZING ISSUANCE OF
REQUEST FOR PROPOSAL FOR A FINANCIAL
MANAGEMENT INFORMATION SYSTEM TO
AMERICAN MANAGEMENT SYSTEMS, ARTHUR
YOUNG, PEAT MARWICK MITCHELL & CO.,
AND SYSTEMS & COMPUTER TECHNOLOGY

BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF
SACRAMENTO THAT:

City Manager be authorized to issue a Request for
Proposal for a financial management information system
to the following firms: (1) American Management
Systems, (2) Arthur Young, (3) Peat Marwick Mitchell &
Co., and (4) Systems & Computer Technology.

MAYOR

ATTEST:

City Clerk

ATTACHMENT I

Request for Proposal for a financial management information system.

CITY OF SACRAMENTO
REQUEST FOR PROPOSAL
MUNICIPAL ACCOUNTING SOFTWARE

GENERAL INFORMATION

The intent of this Request for Proposal (RFP) is to obtain municipal accounting software for the City of Sacramento. To aid the four final vendors in preparing a responsive proposal containing information the City can use to evaluate the vendors in an objective manner, the City has prepared detailed functional requirements (See Appendix A) that must be responded to in the format provided. If more than one version of municipal accounting software is supported by the vendor, the vendor must propose the version best suited to the needs of the City. Other necessary elements of the proposal defined below may be responded to in any format and order preferred by the vendor. Key action dates, the evaluation process and criteria, and other necessary information are described below.

Although it is the intent of the City to procure a municipal accounting system as a result of this RFP, the City reserves the right to reject any and all proposals received.

KEY ACTION EVENTS AND DATES

Release of the RFP	October 31, 1985
Proposal submitted to City by Vendor	November 22, 1985
Cost-benefit analysis of software and proposed computer equipment	December 13, 1985
Site visits	December 16-20, 1985
Select software vendor/equipment	January 10, 1986
City Council approval of selection	January 28, 1986
Start Implementation	February 3, 1986
System implemented	July 1, 1986

DELIVERY TO THE CITY

Written proposals must be received by the City Clerk at the address listed below by 5:00 p.m. on November 22, 1985. Any proposals received after this time will be rejected by the City as not meeting the key selection criteria of the RFP. The vendor must supply five copies of the proposal with one copy clearly marked "Master Copy". If discrepancies between two or more copies of the proposal are found, the master copy will provide the basis for resolving such discrepancies. The City Clerk's address is:

City Clerk
City of Sacramento
915 I Street
Sacramento, CA 95814

FALSE OR MISLEADING STATEMENTS

Proposals which contain false or misleading statements, or which provide references which do not support a function, attribute capability, or condition contended by the vendor, may be rejected. If, in the opinion of the City, such information was intended to mislead the City in its evaluation of the proposal and the function, attribute capability, or condition is a requirement of the RFP, the proposal shall be rejected.

EVALUATION PROCESS AND CRITERIA

Certain key selection criteria were described in general terms in the Request for Information (RFI) sent to vendors on September 20, 1985. These criteria were used to identify the four vendors that most closely satisfied the needs of the City. To determine which of the four vendors best meets the needs of the City, the selection criteria have been expanded and revised. These criteria include but are not limited to the following:

1. Software Designed for Government Accounting
 - o Fund Accounting
 - o Financial Statement Preparation
 - o Compliance with GAAP and GAAFR
2. System Used by Large Municipal Governments
3. Sufficient Number of Integrated Modules
 - o Core Financial
 - o Cashiering
 - o Cash and Investment Management
 - o Other Modules (such as purchasing, inventory, fixed assets, utility billing, etc.)
4. Flexibility in System Design
5. Vendor Responsive to City's Requirements
6. Vendor Implementation Support
 - o Staffing
 - o Approach
 - o Training
 - o Conversion of Files
7. Computer Equipment Sufficient for City's Future Needs:
 - o Supported by a large variety of non-financial software packages suitable for cities
 - o Expand to sufficient capacity and processing power to satisfy City's data processing requirements for the foreseeable future.

8. Satisfaction of Detailed Functional Requirements

- o General Software Requirements
- o Accounting Software Requirements
- o Cost Accounting
- o General Ledger
- o Financial Reports
- o Budget Preparation and Reporting
- o Budget Implementation and Tracking System
- o Appropriation Control
- o Accounts Payable
- o Accounts Receivable
- o Cash Receipts
- o Cash Management
- o Investment Management
- o Bank Reconciliation
- o Purchasing

9. Ease of Use:

- o System Table Driven
- o System Tables Maintained and Controlled by User
- o Menu Driven Screens
- o Help Function
- o Tutorial Screens Available
- o Modern Report Writer

10. Vendor Viability and Reputation

11. Software Cost

12. Security and Auditability (Controls)

13. Ongoing Vendor Support

- o Warranty
- o Maintenance
- o User Group
- o Regular Enhancements

14. Documentation

The City will assign weights to each criteria listed above. Based on the RFI and RFP responses as well as other sources of information about the vendor, the City will develop scores, apply the assigned weights, and develop a total weighted score for each vendor.

After ranking each vendor based on their weighted score, the City will then evaluate the associated computer equipment of each software vendor to determine its suitability for the City. If a vendor's software runs on more than one type of computer, the software vendor and the City will jointly decide which manufacturer's computer equipment will be evaluated. A combined cost-benefit analysis will be performed (software and computer equipment). The results of the evaluation and analysis may change the vendor rankings.

At the City's option, a five member evaluation team will be sent to a large municipal government site, selected by the vendor, where the proposed software is currently implemented and operational. Site visits will be scheduled as outlined in Key Action Events and Dates. Site visits within 200 miles of Sacramento will be attended at the City's expense. Site visits beyond 200 miles, will be attended at the vendor's expense. When this process is completed, the top-ranked software vendor will be selected.

ELEMENTS AND FORMAT OF PROPOSAL

The following items must be included with your proposal:

- A completed requirements checklist (A checklist in the required format is attached.)
- A full set of user, systems, and operations documentation.
- A detailed cost breakdown and summary including software licensing costs and associated implementation support.
- A description of the vendor's approach to satisfying the Cashiering requirements, including the automated equipment (such as PC's, terminals or cash registers) necessary to support the function.
- A description of the vendor's approach to satisfying the investment and cash management requirements, including the necessary automated interfaces with the General Ledger.
- A description of the vendor's relationship with any subcontractors retained by the vendor to satisfy the requirements of this RFP.
- A recommended location where the vendor's proposed software is implemented and operational that would be suitable for a visit by the City's evaluation team.

- A description of the implementation support approach including resumes of the staff proposed to provide support.

- A description of the warranty and the maintenance agreements available from the vendor.

- A description of the vendor's policy regarding modifications to the software made by the vendor and/or the City. Describe the implications for both the warranty and the maintenance agreements.

APPENDIX A

CITY OF SACRAMENTO
FUND ACCOUNTING CHECKLIST

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CITY OF SACRAMENTO
FUND ACCOUNTING CHECKLIST

INSTRUCTIONS

Please respond to each individual functional requirement by placing a key letter in the Vendor's response column. Choose the key letter that most closely addresses how your system satisfies the stated requirement.

Please place all extended comments at the back of the requirements checklist on the provided comments sheets. Ensure each comment refers to the functional statement by section and requirement numbers.

DEFINITION OF VENDOR REQUIREMENTS KEYS

<u>Key</u>	<u>Definition</u>
C	<u>Core System</u> - functional requirement is satisfied by the core system
A	<u>Additional Related Subsystem</u> - functional requirement is satisfied in a related subsystem that has an automated interface or is fully integrated with the core system. <u>When using key A, please identify the related subsystem.</u>
M	<u>Modifications Required</u> - functional requirement can be accomplished by modification of the core system, or a related subsystem. <u>Vendor is willing to modify core system or related subsystem.</u>
N	<u>Not Available</u> - functional requirement is not satisfied by core system or related subsystem, and modification is not practical or cost effective.
S	<u>Sub Vendor Module</u> - functional requirement will be accomplished by a sub-vendor's system. <u>Vendor agrees to being prime contractor for satisfying functional requirement.</u>

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

I. General Software Requirements

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Vendor's financial system must be able to interface with the City's existing application systems running on the Sperry 90/80 computer.
 2. Data communication interface must be possible between the vendors recommended hardware and the City's Sperry 90/80 computer. This communication must be either a magnetic tape transfer of data or by a direct communication link.
 3. On-line terminal response time of five seconds or less with an adequate hardware configuration.
 4. Complete systems and user documentation.
 5. Object and source code available to the City.
 6. Vendor maintenance of software, including regular updates and hot-line support.
 7. Input control and daily balancing - automated and under user control.
 8. System features shall be menu driven.
 9. Provide user friendly help screens.
 10. User must have the following options when requesting reports:
 - lengthy detail reports executed and printed at night.
 - immediate execution of typical short reports with an on-line display of report data with or without printing the report.
 11. Standard reporting should be supported by an easy to use report writer that can create reports from:
 - a single module's application files
 - a number of module's application files
 - combined into a single report or display
 - from application files other than those included in the financial system

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
I. General Software Requirements

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
12. Ability to have all edit and error reports for batch processing portions available for review and correction prior to master file update.
 13. Ability to have report distribution list.
 14. Available processing controls to include audit trails, control reports, system back-up procedures, and on-line system restart procedures.
 15. All software must be written in COBOL and/or fourth generation language.
 16. Only accept account numbers as verified in Chart of Accounts.
 17. Ability to print hard copies of reports upon request both on-site and off-site.
 18. Full range of integrated subsystems.
 19. Entry of data by user personnel through a terminal with editing and table/file validation of data at time of entry.
 20. Prefer that the system conduct on-line field by field edits, rather than edits after inputting a full screen of data.
 21. Utilize common edit routines for all modules.
 22. Extensive use of external program tables with user entered terminal maintenance.
 23. Processing options should include batch, on-line input with night-time batch update, and real time processing based on user needs.
 24. Micro-mainframe transfer capability to download and upload mainframe information from all sites.
 25. Ability to download into a micro computer spreadsheet application.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
I. General Software Requirements

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

26. Using an on-line inquiry software package, users may extract data and cause it to be displayed on the screen or printed on hard copy reports without utilization of pre-programmed reports or pre-programmed inquiry screens.
 - From a single module's application files.
 - From a number of modules application files combined into a single report or display.
27. Users to have full control of assignment of codes, naming of fields and descriptive titles.
28. All modules installed by vendor to accommodate same codes and utilize a single set of tables for code maintenance. In other words, coding field size and other table data to be maintained in a fully interactive environment.
29. Adequate security including password protection down to the transaction level.
30. Remote entry of data from operating departments with option for Finance review before final update.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
II. Accounting Software Requirements

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Compliance with Generally Accepted Accounting Practices (GAAP) and Governmental Accounting, Auditing, and Financial Reporting (GAAFR).
 2. Multiple fund and fund types utilizing both full and modified accrual basis of accounting.
 3. Ability to allow for the following levels of detail:
 - Fund/Organizational Unit
 - Activity and Project
 - Object, sub-object
 - Revenue source
 - Two additional breakouts for departmental defined user cost code (ie. project phase and task within phase)
 4. Minimum of six fields with the size of each field to be flexible within broad limits and the ability to summarize data based upon any specified digit(s) within a field
 5. A single transaction concept must be implemented so that all related subsystems are updated with a single transaction.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
III. Cost Accounting

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

1. Cost centers may be programs, projects, events, etc. as defined by the user to further define the organizational structure below budget level and may be independent of organizational units.
2. Ability for departments:
 - To utilize coding fields and to define meaning and size (events, projects, phases, tasks).
 - To establish start and stop dates for events, phases, tasks.
 - To designate person responsible and who is to receive reports.
 - To plan revenue and expense by special categories, i.e., budget by month, by place and task.
 - To enter statistical performance goals data by organization and by month, quarter and/or year.
 - To track actuals to budget plan at all levels.
 - To automatically accumulate and distribute indirect costs and overhead based on tables as applicable expenses occur
 - To select from multiple methods of costing labor to cost centers.
3. Ability to combine projects for reporting purposes.
4. System should permit expenditures in one fund and budget unit and to have those costs automatically re-distributed to other fund(s) and/or budget units at user defined intervals with credit to the original budget or fund to be recorded as an expenditure reduction or a reimbursement or as dictated by the user.
5. Use cost accounting capabilities to meet all grant financial reporting requirements. If vendor handles grants differently describe in comments section.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

III. Cost Accounting continued:

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
6. A cost accounting system is required to support a number of varied needs including, but not limited to:
- detailed operating budget cost and/or revenue information
 - operating budget grant accounting
 - capital project budgeting and accounting
 - capital budget grant accounting
 - collection of costs/revenues for distribution to other cost centers
 - generation of "billing" data for internal fund transfers and outside billings
7. Ability to consolidate financial detail from multiple cost centers to a "master cost center" as defined by the user. This should permit definition of subprojects, phases or functional elements for purposes of budgeting, monitoring and control as defined by the user requirements in each instance.
8. Provide access to budget expenditure/revenue status reporting with the same frequency, format and detail as the primary budget reporting system.
9. Capture non-financial memo information using cost center coding.
10. User should be able to define the following at the time of cost center opening:
- reporting period - multi-year; single year; reoccurring annual; fixed period other than fiscal year
 - informational cost center vs. level of appropriation and control
 - indirect cost assignments and frequency of application
 - designation of suitable sources of charges to the cost center
 - collection of cost only, revenue only, both cost and revenue and/or statistical data
 - funding source(s), and proportionate distribution of fixed sum available

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IV. General Ledger

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

General Requirements:

1. Support all Governmental Accounting, Auditing, and Financial Reporting (GAAFR) fund types.
2. Current GFOA, AICPA and GASB standards fully met.
3. Dual period and dual year processing.
4. Thirteen period data accumulation and reporting with a fourteenth period for audit adjustments and closing.
5. Hold open for at least a full quarter before closing.
6. Ability to post account data immediately to the general ledger after entry with edit, validation and in-balance conditions met.
7. Automated year-end closing entries and forwarding of general ledger balances to succeeding fiscal year. Saves prior year data files on historical audit files.
8. General ledger for each fund with capability for grouping funds as dictated by user.
9. Ability to override or reverse appropriation/revenue controls.
10. Ability to perform a revenue/expenditure reconciliation on interfund transactions.
11. Automatic generation of recurring interfund expenditure.
12. Period length can be user defined.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IV. General Ledger

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

General Requirements continued:

13. Post to multiple months simultaneously.

Journal Entries:

14. Automatic distribution of interfund cash transfers based on expenditures or project account number entered.

15. Input should be in fund general ledger format (fund, general ledger account, amount) and include a source reference.

16. Automatic edits that debits and credits are in balance by fund for each journal entry.

17. Automatic generation of periodic recurring non-cash transactions.

18. Ability to enter manually prepared journal entries through user terminals as required.

19. Ability to accept and edit both manual and automated journal entries against the general ledger master file.

Sub-Ledgers:

20. Sub-ledgers within each fund general ledger for:
- fund/organization budget-expenditure accounting;
- fund/organization budget-revenue accounting; and
- cost center budget expenditures and revenue accounting.

21. On-line inquiry into individual fund general ledger at the account level and into nominal sub-ledgers at the sub object summary totals levels with the following fields displayed: original budget, revised budget, pre-encumbrance, encumbrances, expenditures (on accrual basis) and available balance.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
V. Financial Reports

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

1. On-line inquiry into individual fund general ledger account and all sub-ledgers at the sub-object year-to-date detail transaction level (e.g., vendor name, purchase order number, amount) for each summary field displayed on the screens.
2. Prior year history at sub-object total level.
3. Preparation of periodic reports of transaction.
4. Ability to prepare Combined and Combining Balance Sheet for all funds and fund types.
5. Ability to prepare Balance Sheets and operating statements, including budget to actual for each fund.
6. Ability to prepare Combined and Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual.
7. Ability to prepare Combining and Combined Statement of Revenues, Expenses and Changes in Retained Earnings, at year-end and on demand per fund or user-defined combined fund groups.
8. Ability to produce trial balances any time during the period.
9. Individual fund's general ledger should reflect Beginning account balance, current period debit/credit activity and ending period balances.
10. After all adjustments are made and funds in balance, the transactions will update the general ledger and produce a cumulative fiscal year-to-date general ledger by fund.
11. Ability to produce period-end individual funds' general ledger with fiscal year-to-date transactions listed.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

VI. Budget Preparation and Reporting

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

Budget Preparation:

1. Ability to accomodate multiple year budgeting (for both revenue and expenditures).
2. Record both monthly and quarterly budget data in sub-ledgers.
3. Ability to work on next several years' budgets (for both revenues and expenditures) while current year is still open
4. Ability to store multiple versions of the budget request.
5. Ability to perform "What If..." types of analysis and projections at the department and/or budget office level. "What If..." projections generated by different users should be independent of each other and such projections should be able to be performed at either the mainframe or micro computer level.
6. Preparation of turnaround report for budget preparation showing the prior year actual, current year budget and proposed column for next year. This report would list all detail revenue and expense items and current actual year to date or estimated actual fiscal year.
7. Preparation of Detail Listing of Requested Revenue and Expense Budget by fund, organization, activity and detail accounts. The system must be able to accomodate multiple funding sources within a line item within an organization.
8. Ability to selectively "Roll Over" into the new years budget the unobligated amounts from the previous year for grants and projects budget line items.
9. Ability to automatically carry-over appropriations to new year.
10. Ability to handle a city-wide master plan for long-range (5 year) revenue and expense projections.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
VI. Budget Preparation and Reporting

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

Budget Preparation continued:

11. Ability to budget revenue and expenditure allotments on a monthly, quarterly, annual or other period basis. System should be able to automatically generate equal (ie 1/12 or 1/4) monthly or quarterly allotments as well as handle manual adjustments.
12. Multi-step budget process including departmental requests, budget office recommendations, and final approved budget. Departments to develop multiple budgets based on a number of assumptions before selecting formal requested budget. The last step regarding the final approved budget should encompass an automated roll over of the revenue and expenditure appropriation amounts into a production capacity against which actual collections and expenditures will be tracked.
13. Budget process completely interactive at department level and in budget office. Immediate updates and analysis of impact of actions on-line.
14. Include budgeting capabilities within cost center by month and by year for all categories and levels.
15. Ability to report both budgeted and actual revenues and expenditures to the detail level (i.e. object, sub-object, program, activity, etc.).
16. Current period-to-date and year-to-date inquiry versus prior year, period and year-to-date for budget and actual.
17. All budget reports must have a clear audit trail to the original input document.
18. Ability to report interfund activity at the same detail level as other revenues and expenses.
19. Summary reporting of budget status by section and by account.
20. Ability to use purchase requisitions and account for pre-encumbrances for internal management information.
21. Preparation of Statement of Appropriations, Encumbrances and Expenditures & unexpended balances by fund, organization and detail account balance.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
VII. Budget Implementation and Tracking Section

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. At user option, ability to selectively automate the carryover of appropriations from one year to the next.
 2. Ability to store appropriations as either "original approved budget", "budget amendment" or "budget carryover".
 3. Track on a monthly and/or quarterly basis actual revenue and expenditures against budgeted revenues and expenditures.
 4. Ability to budget, expend, and control at different levels. For example, budgeting may be at the account level (e.g. travel) expenditures may be at the sub-account level (e.g. lodging) and budget control may be at the expenditure class level (e.g. other services and supplies).
 5. Budget control should have at least two options:
 - 1- excess expenditures/encumbrances should be flagged in a management report and
 - 2- excess expenditures will not be processed until a correcting budget adjustment is made.
 6. Ability to control budgets by fund and organization as well as account/expenditure class level.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
VIII. Appropriation Control

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Automated edit routines to ensure appropriations are not over expended.
 2. Any transaction with insufficient funds must be flagged for attention of management and appropriate action. This condition will include the ability to have an appropriation override capability.
 3. Ability to by-pass the available appropriation checking for specifically defined funds and accounts where no appropriation exists.
 4. Ability to report encumbrance detail (increases, decreases, and payments) to users on request.
 5. Outstanding encumbrances at year-end are not closed out but carried forward into the new fiscal year. Prior year appropriations will carry forward to meet those prior year commitments as an adjustment to the new fiscal year appropriation. Prior year encumbrances, however, will be reflected in the financial statements as a reservation of fund balance.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IX. Accounts Payable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

Vendor File:

1. Vendor file designation to allow for annual automated purging of one-time only vendors.
2. Vendor file content to allow for vendor Tax Identification number, social security number, and contract expiration dates.
3. Historical vendor data on payments remitted and outstanding encumbrances and liabilities.
4. Ability to generate a master vendor list.
5. Ability to generate year-to-date purchases report by vendor.

General:

6. Ability to adjust encumbrance balance when the amount of expenditure is more/less than the original amount encumbered.
7. Must be able to create checks on date due in order to take advantage of discounts and effectively manage cash.
8. Allows partial payments on purchase orders.
9. Ability to report accounts payable by fund with appropriate fund totals.
10. Process payments for expenditure items without a Purchase Order such as requests to Pay claims, progress or partial payments of a contract or existing purchase order.
11. Records refunds/overpayments of revenue by debiting (reducing) revenue accounts. Entries must be reflected on the Vendor History and master files.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IX. Accounts Payable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

General Continued:

12. Vendor file that permits addresses and telephone #'s for:
 - purchasing contact
 - purchase order mailing
 - accounts payable remittance
13. Full on-line update inquiry capabilities by:
 - vendor
 - payee
 - check number
 - check amount
 - invoice #
 - po/contract #
14. Ability to input recurring payments with posting to proper period.
15. Process one check per vendor with all claims detail support on the corresponding check stub even if multiple checks must be voided automatically for additional check stub overflow capacity.
16. Provide for automated 1099 processing on a vendor selection basis.
17. Interfaced with the general ledger and appropriation control subsystems to:
 - Reduce Purchase Order Commitment
 - Generate journal entries to record payable, payments, and liquidation of encumbrances.
18. Open item listing for all payables on file.
19. Ability to designate printed checks to be held and not mailed with sorting at the beginning of the check run. Provide Sign-off listing of all held checks in cycle.
20. Fiscal year-to-date historical transaction inquiry of all detailed expenditures at the transaction level by Fund, activity, and project.
21. Rejects invoices if they have already been paid

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IX. Accounts Payable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

General Continued:

22. Recognizes invoices as liabilities when Purchase orders, invoices and receiving documents are matched.
23. Support full accrual accounting. Expenditures are recorded and a liability is set up prior to the actual disbursement of cash to the vendor.
24. Ability to make and record disbursements for valid invoices not associated with a purchase order.
25. Ability to add cost centers and change cost centers on a partial payment against an open purchase order.
26. Provision to debit direct to asset accounts.
27. Entry of the expense or balance sheet account being charged will trigger the following entries:
Dr Expense
Cr Vendor Payable
Dr Reserve for Encumbrance
Cr Encumbrance
28. Disbursements reduce open payables and generate automatic off-setting entries to the proper cash accounts.
29. Cash requirements forecasting for outstanding payables at user defined intervals.
30. Allow for pre-printed check numbers and automated voids at system check run start up.
31. Provide for mid-cycle restart of check forms during check run.
32. Permit the following through a user terminal:
 - Debit/credit memo transactions
 - On-demand special check writing
 - Check cancellation, stop payment and adjustment

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
IX. Accounts Payable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

General Continued:

33. Changes entered must be reflected on:
 - General ledger
 - Vendor history
 - Check history
34. Provide Payment Authorization Listing for approval of vendor payments prior to releasing checks.
35. Ability to designate areas for highlighting on the Payment
36. Authorization Listing such as: large invoice variances, appropriation overrides, etc.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

X. Accounts Receivable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Account information needed:
 - account #/invoice #
 - name, mailing address
 - originating department
 - type of account (installment/new)
 - amount
 - payment, date paid, amount paid
 - 8 digit account # (invoice/account #) (85-86-9000)
 - designating fiscal year
 - invoice date
 - 11 digit field for fund designation

 2. Reports needed:
 - daily report of paid accounts by invoice/account number (account # - name - amount)
 - daily report of partial payments (may be included in above report by indicating balance due or zero)
 - weekly report of delinquent accounts (60 days after input)
 - month end report by fund, all accounts, outstanding
 - a. fund itemized and totaled
 - b. recap total of each fund/total all funds
 - monthly report of installment accounts
 - a. funds should be aged 30,60, 90, 120 or over, days from date of input

 3. Automated functions:
 - prepare billings as required
 - delinquent notice generated 30 days after input
 - final notice generated 45 days after input
 - automatic assessment of interest monthly to installment accounts
 - interest rate specified by user

 4. Features:
 - access account by name or account number
 - field available for collection info or references to another account, etc.
 - ability get printouts upon request by:
 - fund name,
 - age grouping
 - installment accounts
 - ability to make cash adjustments
 - ability to make name and address corrections

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
X. Accounts Receivable

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

5. Specific problems:

Installment accounts will be included in accounts receivable but with special features that are not included as accounts receivable. The interest amount court fees and process fees cannot be included as accounts receivable but would go to general fund. Court fees (paid to County) and process fees have to be included in notices to customer. Interest is assessed on total judgment amount.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

XI. Cash Receipts

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Ability to credit the billed accounts on-line when cash receipts are recorded against them.
 2. Ability to refund revenues collected that were a result of over payments or duplicate payments of the billed amounts.
 3. Automated capture of miscellaneous cash transactions and preparation of register at point of receipt enabling operator to classify individual receipts as to type, revenue account, location and payor name and number where necessary and explanation of transaction.
 4. Preparation of daily report and monthly report by cashier.
 5. Cash receipt verifications report automatically produced at end of day.
 6. Ability to distribute cash to multiple funds, with complete reporting of transactions and cash balances by fund.
 7. Ability to consolidate cash from multiple sources into funds, with complete reporting of transactions and cash balances by fund.
 8. Audit trail which allows an individual transaction to be traced to an entry in a cash account and an off-setting entry to a specific fund.
 9. Ability to code receipts at the detail source level required by each fund.
 10. Automatic adjustment of revenues when cash receipts exceed originally billed amounts.
 11. Ability to code interfund transfers to detail level.
 12. Preparation of Statement of Revenues comparing actual against budgeted revenue as allotted to conform with revenue trends. Details revenue sources within funds, departments, programs and activities.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

XI. Cash Receipts

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
13. System should validate account numbers against a list of valid accounts. Perhaps the check should be at the General Ledger.
 14. Ability to create a cash receipts detail journal with audit trail to General Ledger.
 15. Ability for cashiers to make adjustments to transactions (to include changes by cashiers who balance on the following day).
 16. Ability to make revenue code and dollar amount adjustments.
 17. Individual account transactions updates utility billing systems at the time of the transaction.
 18. Provide control over cash receipts through variable preformatted data entry screens based on the type of receipt.
 19. Ability to automatically produce receipt document and allow for validation of other receipt forms.
 20. Ability to capture memo information on receipt forms.
 21. Ability to download (to a micro computer) memo information on the receipts forms.
 22. Used as a mechanism to record non-cash drawer revenues and reimbursables.
 23. Potential reimbursables must allow for association of a Deposit Identification Control number. A Deposit Identification Control file should be maintained for edit and reconciliation at time of reimbursement payout.
 24. Provide cash totals for reconciliation to the cash drawer close-out and simultaneously record following day receipts.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

XI. Cash Receipts

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
25. Ability to update the Cash Receipt date on the system after cash drawer closing.
 26. Create journal entries to record the cash and revenue received for automatic interface with the general ledger upon cash drawer close-out.
 27. Track revenue received against the estimated revenue by fund and account on at least a fiscal year-to-date basis.
 28. Track daily revenue and cash receipts totals by funds, account, and project available for inquiry review.
 29. Provide fiscal year-to-date inquiry of revenue recorded at the transaction level. If not available on an inquiry basis, at minimum a cumulative report must be provided.
 30. Ability to capture balance, deposit, and record receipt of cash at numerous remote locations.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XII. Cash Management

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Ability to allocate interest based upon average daily cash balances (amount defined by user).
 2. Segregation of cash from investments and automated interface between general ledger and cash management.
 3. Automatic validation against decreasing the fund cash balance below a pre-established level.
 4. At user's discretion automatic posting of interest allocation.
 5. Ability to track daily cash balances by fund and by pool.
 6. Produce required management reports, i.e., interest apportionment report.
 7. Summary of cash balance by fund, list of average balance or total dollar days.
 8. All increases/decreases to cash in each fund should trigger a corresponding charge to Treasurer's set of accounts by pools.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XIII. Investment Management

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

1. Record purchase of investment, wire transfers, receipt of interest, sale of investment and to make all necessary computations automatically.
2. Investments to be grouped by type within pooled investment accounts.
3. Full on-line input, edit and update of treasury activity.
4. Calculate interest earnings on the user's choice of cash or an accrual basis for user defined time frame based upon the various types of investment vehicles, e.g., U.S. Treasury Bills, Corporate Bonds, Bankers Acceptances, Commercial Papers, Negotiable Certificates of Deposits, Collateralized Certificates of Deposit, Repurchase Agreements.
5. Increase interest receivable as earnings are accrued and reduce interest receivable when cash is received by individual investments and by portfolio totals.
6. Calculate interest earnings and update Par and Book Value of investments which have monthly principal and interest payments. (GNMA)
7. Amortize premium and discount based on user determination.
8. List purchases and sales for any given time frame. For sales calculate the gain or loss. For purchases record purchased interest, if any, and upon receipt of 1st interest payment reduce earnings by the purchased amount. At same time automatically post debit/credit entry to general ledger
9. Calculate average daily investment balance, average yield, and average life by pool for any given time period.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XIII. Investment Management

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

10. Produce various reports:

- List of investments outstanding as of point in time by pools
- List of activity (purchases/sales) by brokers or bank
- List of income to be received over a period of time and actual date received.
- List of all updates to system.
- Average life of investments.

11. Account for non-interest bearing investments:

- Hard Assets
- Real Estate Equity
- Stocks
- Options
- Futures (Put Bonds)

12. Ability to change interest rates (and subsequent earnings calculations) for a given bond or mortgage

13. Match interest due (within user defined time frame) to "D" actual interest received.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

XIV. Bank Reconciliation

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Bank deposit information recorded automatically for accountability and bank reconciliation.
 2. Monthly bank reconciliation identifying unrecorded deposits as well as uncleared checks. Accommodate input for NSF checks and other adjustments.
 3. Reconciliation process to be fully interactive.
 4. Preparation of daily reports by bank balance.
(Daily express statement)
 5. Inquire capability as to status of checks per bank.
 6. Edit report which will list unidentified bank deposits as of any point in time.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XV. Purchasing

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
1. Departmental on-line available appropriation balance checking capability prior to requesting a Purchase Order.
 2. Ability to enter requisition and track (on-line inquiry) by status category through generation of purchase order.
 3. Automate checks for verification of funding prior to issuance of machine generated purchase order.
 4. Ability to manually delete a pre-encumbrance.
 5. Ability to liquidate partial encumbrance when partial or progress payment is made.
 6. Ability to reverse encumbrances when decisions are made not to purchase originally encumbered item.
 7. Automatic validation against duplicate recording of encumbrance.
 8. Maintain a vendor file by commodity code and history of vendors performance.
 9. Automatic conversion of a pre-encumbrance to an encumbrance.
 10. Maintain data on buyer performance.
 11. Departmental on-line inquiry into open purchase order file.
 12. Include within the system the capability for on-line entry of purchase requests and claims with check points to allow tracking of individual documents through the system and to provide the identity and the status of reported individual transactions.
 13. Develop suspense system for annual contracts and notify departments when requisitions are due.
 14. Ability to process requisitions and issue purchase orders in two fiscal years.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XV. Purchasing

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
15. Identify purchase orders when delivery is past due.
 16. Provide records to capture minority and women-owned business status.
 17. Ability to associate an unlimited amount of text with a purchasing transaction.
 18. Ability for forward and backward on-line tracking of all documents associated with a purchasing transaction, from requisition to warrant, with audit trail.
 19. Ability to modify and transfer information, including descriptive text, from one document to create another in the transaction chain, including:
 - requisition to bid,
 - bid to purchase order,
 - bid to price agreement, and
 - requisition to purchase order.
 20. Ability to create a pre-encumbrance at point of requisition and automatically convert it to an encumbrance when a purchase order is prepared.
 21. Ability to encumber against multiple accounts at the lowest organizational level on a single requisition.
 22. Ability to charge against multiple budget accounts and programs/projects on a single requisition.
 23. Ability to proof read a requisition prior to establishing a pre-encumbrance (second level password security).
 24. Capability to edit against operating and/or capital budgets before accepting a requisition and encumbering funds.
 25. Table of authorized delivery addresses for entry of requisitions.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XV. Purchasing

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
26. Provide on-line status listings of requisitions as they move through the purchasing transaction chain. Should be automatically updated with document references by system transactions and manually updated for administrative actions.
 27. Ability to "pre-encumber" next years funds after a specified date in the current year.
 28. Capability to automatically assign requisitions to buyers, based on commodity codes, and monitor buyer processing time.
 29. Provide commodity coding scheme with a minimum of two 10 position fields capable of being referenced to, or expand to, inventory item stock numbers.
 30. Capability to assign level of difficulty and procurement frequency codes to commodities.
 31. Provide a comprehensive vendor table including vendor codes (alphanumeric), vendor type indicators (minority, employee, 1099, etc.), multiple remittance addresses and YTD disbursements total per vendor.
 32. Ability to associate up to 999 vendor codes with each commodity code and to issue bid/proposal requests to each vendor per commodity by either addressed forms or mailing labels. Requests must be able to accommodate multiple commodities.
 33. Capability to disable vendors associated with a particular commodity from receiving bid proposal requests.
 34. Capacity to print recurring text messages on bid/proposal requests or purchase orders.
 35. Ability to reprint bid/proposal requests and to issue addendums to issued requests.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XV. Purchasing

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

-
36. Ability to accumulate history on vendor responses to bid/proposal requests, including:
- no response
 - responded with no bid by item
 - no award by item
 - award by item
37. Capability to tabulate/analyze bid responses by low unit price on an item basis with provisions for alternate and substitute items.
38. Ability to transfer information from multiple requisitions to a single purchase order or transfer information to multiple purchase orders from a single requisition or bid request, with references to source documents.
39. Provide for establishment of contracts to multiple vendors (price agreements) in the system which are encumbered until transactions are incurred against the contracts; provide for encumbrances against these contracts separate from purchase order encumbrances.
40. Provide means by which users establish encumbrances against price agreements as goods/services are ordered and order, receiver, invoice match as goods/services are received.
41. Provide unlimited text for contract information associated with each price allowing a price agreement encumbrance.
42. Capability to edit against the price agreement contract limit, remaining balance and expiration date before allowing an encumbrance.
43. Ability for an on-line information screen per price agreement, including:
- vendors, addresses and phone numbers,
 - contract amount and expiration date,
 - amount encumbered to date,
 - amount expended to date,
 - remaining unencumbered balance,
 - text of contract description/specifications,
 - vendor commitments.

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST
XV. Purchasing

C - Core System
M - Modification Required
N - Not Available
A - Add'l Related Subsystem
S - Sub Vendor Module

Functions and Features

Vendor Response

44. Provide an on-line listing of currently available price agreements with remaining unencumbered balances.
45. Ability to purge price agreements from the system after expiration on total expenditure, after a pre-determined period of time.
46. Capability to allow price agreement encumbrance adjustments on cancellations to adjust the remaining unencumbered balance of the agreement.
47. Provide history of vendor performance defined by user established weighted criteria including:
 - delivery commitments
 - condition of goods/quality of service
 - partial deliveries/backorders
 - invoicing accuracy

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

COMMENTS

Section & Item Number

CITY OF SACRAMENTO FUND ACCOUNTING CHECKLIST

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COMMENTS

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COMMENTS

Section & Item Number

ATTACHMENT II

Report to City Council, Subject: Financial Management
Information System (FMIS) Software/Hardware.



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

August 14, 1985
FA: 85385:JRC:KMF

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

City Council
Sacramento, California

Honorable Members in Session:

SUBJECT: Financial Management Information System (FMIS)
Software/Hardware

SUMMARY

This report recommends that the City Council, by resolution, authorize the City Manager to execute a consultant services agreement with Touche Ross & Co. in an amount not to exceed \$30,000. The purpose of this agreement will be to assist City staff in developing financial system software and hardware (FMIS) "Request for Proposal" documents to be utilized in the FMIS procurement process.

BACKGROUND

Past Experiences. As the City Council is aware, a City staff task force has spent the last 2-1/2 years analyzing cash and investment accountability issues. Separately, Finance and Data Processing staff have recognized the need to modernize the City's overall financial information systems.

The automated accounting systems used by the City, currently implemented on a Sperry 90/80 computer, have been in service for over ten years. Given the rapid advances in technology and municipal information systems, this is a very long time. These systems have evolved as the City's information requirements have expanded and changed, but have reached the point that they can no longer be maintained or improved in a cost effective manner. As issues such as cash accountability made this apparent, City management took appropriate action.

In March of 1985, the City retained a consultant to review the existing financial systems and develop a plan for replacing them. This review was completed in May, 1985, and presented to City Council and City management (Telos Consultants, Mr. Bruce Joplin). Relevant findings in the review included:

- o The cash accountability function appears to be under control; however, the recently installed procedures require a great deal of clerical and professional effort to perform.

- o The various accounting systems share data very poorly. Much of the interface among systems is accomplished manually with a great deal of effort exerted by the accounting staff to reconcile and balance the various modules.
- o Overall the system does an adequate job of historical accountability, but does not facilitate management and financial reporting that is crucial for management decision making. Department users are maintaining their own duplicative accounting records in order to produce management reports.

Recommendations relating specifically to the acquisition of an integrated financial management information system (FMIS) included:

- o Replacing the City's present fragmented accounting, cash accountability, check writing, budgeting and cost accounting systems with a single integrated financial information system acquired from one of a number of vendors of such systems. The new system should fully integrate accounting, treasury cash and investments, departmental cost/revenue analysis, fixed assets, accounts receivable, accounts payable, budgeting, materials management, cashiering and bank reconciliation in one comprehensive process.
- o Implementing an integrated financial management system over the next 30 months on an interim computer awaiting the replacement of the City's central computer in 1987.
- o Strengthening the City's remaining systems, consisting primarily of payroll/labor/position control, fleet management, and specialized billing modules, by providing better user access to the data presently in these modules and to create an automated interface with the FMIS.

Consultant Selection Process. Upon receipt of the Telos/Joplin consultant report, City staff recognized that additional consulting expertise is essential to a successful software/hardware acquisition process. Integrated municipal financial system software acquisition is a specialized field and one which is too important to make serious mistakes with. Further, it is important that the City's consultant be independent of vendors (i.e., not also be marketing municipal systems) so that no professional conflict of interest might arise, have no plans to participate in the bid process, have strong past experience and be located in the Sacramento area. The City Manager has authorized the following three firms to submit consultant proposals based on City staff's determination that they meet predetermined criteria:

1. Touche Ross & Co.
2. KMG Main Hurdman
3. Norm Forste & Associates

Written proposals from these firms are on file with the City Clerk. City staff has reviewed the three proposals and based on our selection criteria recommend retaining Touche Ross & Co. for a fee not to exceed \$30,000. Touche Ross' proposal is attached as Exhibit I for City Council information. The proposed consultants scope of work plan is detailed on page II-1 & 2 of their report and includes assisting the City in developing a Data Processing modernization plan that would consider integration of all automated systems.

COMMITTEE ACTION

The Budget and Finance Committee voted unanimously to recommend approval of this item to the full Council.

DISCUSSION OF CITY COMPUTER SYSTEMS

Exhibit II attached is a one page diagram which depicts both computer software and hardware configurations with FMIS in place. The Telos/Joplin report suggested the City "develop a general plan for the utilization of computer technology over the next five years taking into account the requirement to migrate away from the City's existing mainframe system during 1987. Major software changes must occur before then so that existing City resources can later be devoted to the mainframe changes. Current plans call for FMIS software/hardware selection to occur through the end of calendar year 1985. Implementation planning will take place during the first six months of 1986 with the first phase of the proposed new system up and running July 1, 1986. Phase II software implementation would occur during FY 1986/87. See Exhibit II for details.

As can be seen from Exhibit II, the basic core financial applications (excluding payroll, utility billing, other specialized billing applications) would be new systems which would be resident on an interim computer which would be rented or leased until the next generation mainframe is in place.

FINANCIAL

The FMIS project budget is as follows:

1985-86	\$200,000
1986-87	236,000

Total	\$436,000
	=====

The 1985-86 amount of \$200,000 has previously been appropriated and is available in the City's 1985-86 CIP Budget. The FMIS project budget is a very preliminary budget and will be refined once actual proposals are received from vendors.

The estimated budget amounts do not address hardware costs for the interim computer. It is not known at this time how long the interim computer will be required. However assuming the interim computer is required for 3 years, it is estimated that the additional hardware costs would be in the range of \$180,000 to \$240,000 per year. At this point, hardware costs are a function of what the software vendor proposes and it

is too early to project. We will keep the City Council advised as to this cost component as vendor proposals are received and we have specific cost data to work with.

WHY PURCHASED VENDOR SOFTWARE AS OPPOSED TO IN HOUSE DEVELOPMENT

This question has received a great deal of discussion from City staff. Central to the response is multiple system integration. The City currently has over 20 separate financial subsystems. These subsystems function adequately individually but are not designed to interface without manual manipulation. Modern, state of the art, on line, real time systems require total integration City wide. To accomplish this with existing systems, many of which were developed in the 1970's would be a major task and would not result in the best financial product. Vendors have invested millions of dollars in system development and these systems have been tried, tested and improved in numerous other cities. This is a major contrast to the resources available to the City.

City staff has received software demonstrations from several vendors. These software programs are less expensive than in-house developed program and are quality tested by numerous users. Many specialized systems would still be developed in-house, but as Bruce Joplin told us, core financial is not one of them. Purchasing relatively low cost vendor financial software will allow limited City staff to design other important master plan projects that would otherwise remain in a waiting state for years.

BENEFITS OF A NEW FINANCIAL SYSTEM

Following are the known benefits of the new FMIS System:

- a. Cash and investment accountability issues are addressed and resolved. Moneymax would be eliminated.
- b. All major financial systems are modernized in an integrated fashion.
- c. Departmental management user needs are addressed including large scale project planning and management.
- d. All financial information would be timely and relevant (current two/three week delay in receiving report).
- e. Materials management (purchasing and inventory) subsystems implemented for the first time.
- f. A logical plan is implemented for migrating away from the existing City mainframe to a more modern hardware system.
- g. Eliminate the need for individually maintained redundant financial records in various departments since all City departments will have access to financial data.

- h. Enhanced financial management capability which should result in reduced City costs and increased financial management capabilities.

RECOMMENDATION

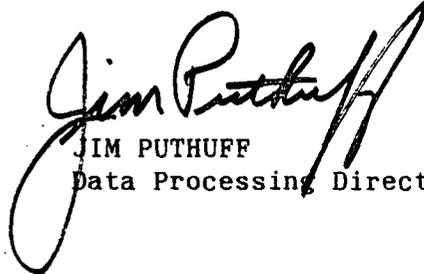
It is recommended that the City Council approve the attached resolution authorizing:

- a. City Manager to execute a consultant services agreement with Touche Ross for an amount not to exceed \$30,000; and
- b. Authorize City staff to develop a FMIS Software/hardware request for proposal document for City Council approval by October 22, 1985.

Respectfully submitted,



JACK R. CRIST
Director of Finance



JIM PUTHUFF
Data Processing Director

Attachments

RECOMMENDATION APPROVED:

WALTER J. SLIPE
City Manager

cc: Department Heads
FMIS Project Team
MIEC

RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT
WITH TOUCHE ROSS; AND AUTHORIZING CITY STAFF TO
DEVELOP A FMIS SOFTWARE/HARDWARE REQUEST FOR
PROPOSAL

BE IT RESOLVED BY THE MAYOR AND THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

- a. City Manager be authorized to execute a consultant services agreement with Touche Ross for an amount not to exceed \$30,000; and
- b. City staff be authorized to develop a FMIS Software/hardware request for proposal document for City Council approval by October 22, 1985.

MAYOR

ATTEST:

City Clerk

EXHIBIT I

Touche Ross & Co. written proposals for consulting services in connection with an integrated financial management system selection process.

EXHIBIT II

Proposed systems and computer interface with FMIS in place.

PROPOSED SYSTEMS AND COMPUTER INTERFACE WITH FMIS IN PLACE

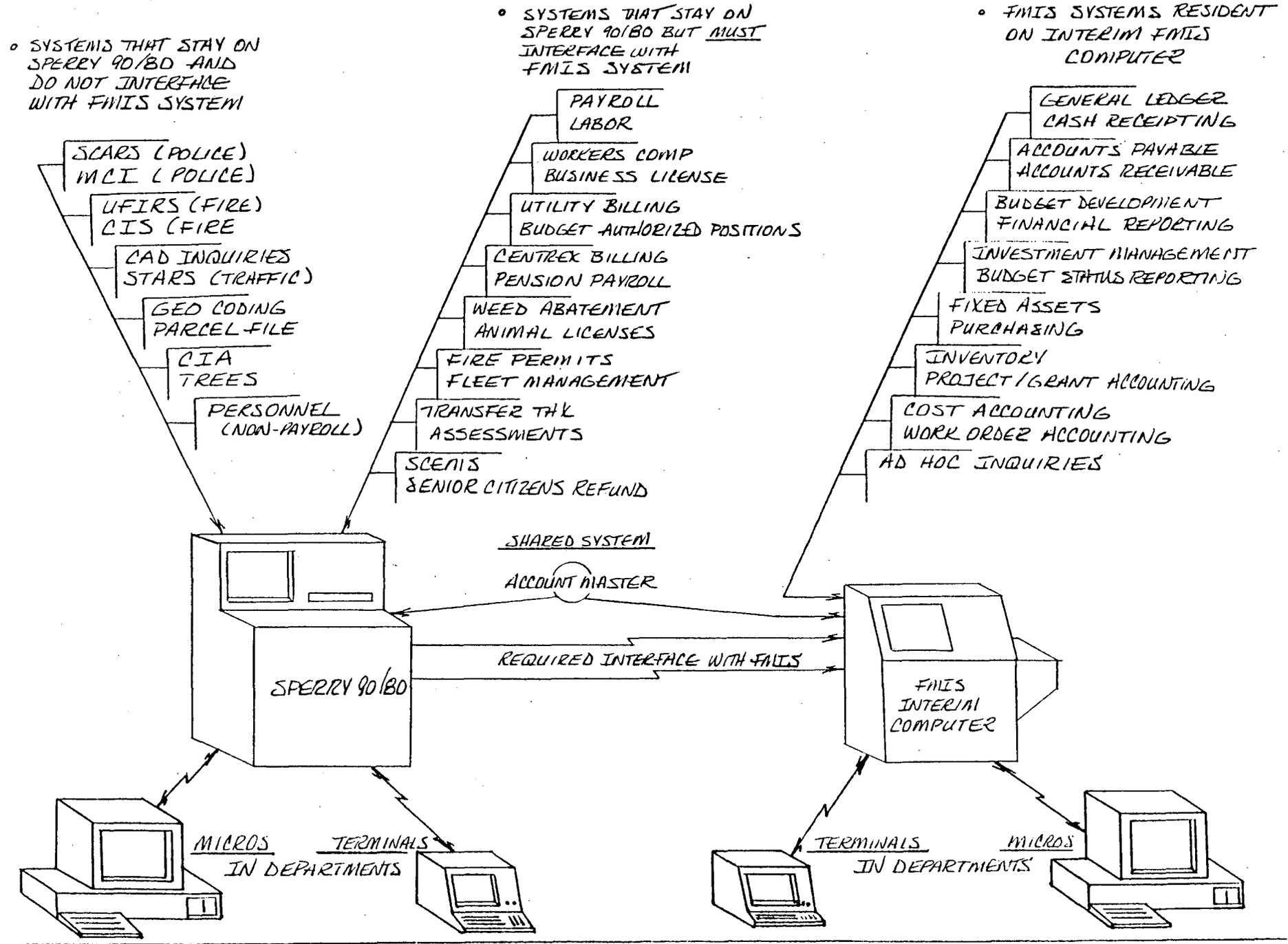


EXHIBIT III

FMIS Acquisition Calendar.

CALENDAR

1. Receive proposals from Consultant 7-31
2. Budget and Finance Agenda Deadline 8-5
3. Budget and Finance Agenda 8-13
4. City Council Agenda 8-20
5. Consultant Agreement Signed 8-23
6. Consultant On Board 9-3
7. Request for Proposal (RFP)
Development Period 9-3 to 10-11
8. RFI Request for Information for Vendor
Comment, Solicitation. Will include a
Status Report to City Manager,
Dept. Heads and City Council 9-20
9. Deadline for Receiving Request for
Information (RFI) 10-7
10. Request for Proposal Placed on Council
B&F Agenda 10-11
11. RFP Reviewed and Approved by City
Council B&F Committee 10-22
12. RFP to City Council for Approval 10-29
13. RFP Mailed to Vendors 11-1
14. RFP Responses Due from Vendors 11-29
15. Vendor Evaluation Conducted by Project
Team and Consultant + Status Report
to Council and Mgr/Dept. Heads 12-2 to 12-20
16. Vendor Reference Checks and Site Visits
as Required 12-23 to 1-10-86
17. Staff Vendor Selection Recommendation
to City Council B&F Committee
(cc: City Dept. Heads, all vendors) 1-10-86

EXHIBIT IV

Telos/Joplin consultant report executive summary.

EXECUTIVE SUMMARY

In March of 1985 the City entered into an agreement with TELOS Consulting Services to assist in the initial stages of developing an Integrated Financial Information System (IFIS). Through TELOS the services of Bruce Joplin were acquired to work with the City's project team in reviewing the City's existing financially related systems and in developing a viable plan to identify, select and implement a totally integrated financial management system. This report summarizes the activities of the project team from the inception of the TELOS agreement through May 23, 1985.

The remainder of the report is divided into four sections, the first of which addresses the findings of the project team. The second section sets out alternative actions which the City could take toward strengthening its existing financial systems and/or acquiring new systems. This section also contains the recommendations of the project team as to which alternatives the City should pursue.

The third section sets out functional and technical requirements which should be met by the new IFIS. This section can also be used as a skeletal Request for Proposal (RFP) from software vendors. The report concludes with a step-by-step work plan which the City should follow in selecting and contracting for IFIS.

The consultant was also requested to present his own views of the City's processes and operations. The consultant has 25 years experience in government financial systems including implementing over 100 financial management systems in public agencies including the State of California Controller's Office and the Cities of Houston, Dallas, Seattle, Denver and Minneapolis. His observations and conclusions relate to a number of issues beyond the strict implementation of an Integrated Financial Information System.

The implementation of an IFIS in today's computer environment requires that the financial system be closely coordinated with the City's long term plans for use of high-tech automation. For the City to obtain the maximum benefit of money spent for automation --- ranging from mainframes to microcomputers to telecommunications --- an integrated

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approach is required. Failure to do this will result in excessive costs and duplication of effort such as requiring city offices to have three or more terminals on the same desk to access data in different computers.

Summary of Recommendations

Three general recommendations directed toward positioning the City to achieve maximum long run benefits from the implementation of IFIS are:

- 1) Develop a general plan for the utilization of computer technology over the next five years taking into account the requirement to migrate away from the City's existing mainframe system by 1988. The plan should address city-wide utilization of telecommunications, networking, and office automation.
- 2) Restructure the present Data Processing Department, including a new name, beyond that of a provider of processing services to that of rendering a broader range of technology acquisition and management services to operating departments anticipating that more and more processing will reside in these departments in the future. Departmental processing is commonly known as distributed data processing or DDP.
- 3) Sharpen the City's capabilities for acquiring technology to include more precise procedures in bidding on, and contracting for, outside services and in managing such contracts once they have been entered into anticipating a greater use of package software and hardware services as a cost savings technique.

Recommendations relating specifically to the acquisition of an IFIS include:

- 1) Replace the City's present fragmented accounting, cash accountability, check writing, budgeting and cost accounting systems with a single integrated financial information system (IFIS) acquired from one of a number of vendors of such systems. The new system should fully integrate accounting, treasury cash and investments, departmental cost/revenue analysis, fixed assets, accounts receivable, accounts payable, budgeting, materials management, cashiering and bank reconciliation in one comprehensive process.
- 2) Implement an integrated financial management system over the next 30 months on an interim computer awaiting the replacement of the City's central computer.
- 3) Strengthen the City's remaining systems, consisting primarily of payroll/labor/position control, fleet management, and specialized billing modules, by providing better user access to the data presently in these modules and to create an automated interface with IFIS.

These recommendations are discussed and supported in greater detail in the remainder of this report.

ATTACHMENT III

Request for Information sent to software firms, accounting firms and hardware vendors with selection criteria.



CITY OF SACRAMENTO

DEPARTMENT OF FINANCE

JACK R. CRIST
Director of Finance

ADMINISTRATION
BUDGET DIVISION
REVENUE DIVISION
ACCOUNTING DIVISION

September 18, 1985

(Software Vendors)

Dear Sirs:

As you are aware, the City of Sacramento intends to replace its automated financial systems within the next year. To this point, the City has gathered information concerning a number of municipal accounting packages to become more informed about available financial software. Touche Ross has been retained to help the City determine its requirements and assist in the package selection process.

The City's objective is to acquire government oriented software packages that can satisfy its requirements for the next seven to ten years in the application areas of general ledger, accounts payable, budget, purchasing, treasury management of investments and cash, and cashing. These packages will be evaluated within the context of the City's overall business and data processing long-range objectives and plans which are under development.

The City has established key selection criteria to be used in evaluating municipal accounting packages that most closely satisfy the City's key financial accounting and data processing needs. These criteria are described in the request for information (RFI) that accompanies this letter. It is the City's intent to evaluate the responses to this request for information to select the top three or four packages. You must respond to this RFI and be selected as a provider of one of the top three or four municipal accounting packages in order to be able to submit a firm proposal to the City.

If you believe that your company can satisfy the City's needs as stated, please respond in the format specified in the RFI. Address or deliver to:

City Clerk
City of Sacramento
915 I Street
Sacramento, CA. 95814

Your reply to the RFI must be submitted in two copies to be received by the City Clerk as above not later than 4:00 pm on October 7, 1985.

Any reply to the RFI submitted after the due date will be rejected by the City as not meeting the key selection criteria of the RFI.

Sincerely,

Jack Crist
Director of Finance

CITY OF SACRAMENTO
FINANCIAL SYSTEMS
REQUEST FOR INFORMATION
SEPTEMBER 20, 1985

The following paragraphs describe major criteria that will help guide the City's decision making process in selecting municipal accounting software. If you are interested in providing such software packages to the City, you must respond to this request for information (RFI) and be selected among the top three or four vendors in order to be able to submit a firm proposal. Your response to this RFI will be used in determining how well your software satisfies these criteria. However, the City will also consider information from other sources, such as previous questionnaires and correspondence, the vendor's documentation, other users of the software, vendor demonstrations, etc., in its decision making process. Each vendor's software will be evaluated relative to the other municipal accounting software packages under consideration. Please restrict your discussion of each topic to four pages. If you believe it necessary, you can refer to and send additional reference material.

SUFFICIENT NUMBER OF INTEGRATED MODULES

The primary reasons for the City's decision to acquire municipal accounting software packages rather than developing them in-house are:

- o Shorten the implementation time frame
- o Implement proven "bug-free" software to lessen the risks of delay/failure
- o Avoid "reinventing the wheel"

The successful vendor will therefore have all or most of the following applications operational and implemented in several locations:

- o A tightly integrated core fund accounting system which includes general ledger, accounts payable, budget, purchase orders, and;
- o Cashiering and investment management modules with automated interfaces to the core accounting system.

For any module defined above that is not currently available, the vendor must state in his response, willingness to take responsibility for developing and implementing the required module, or implementing a suitable package from another vendor. In either case, the vendor must develop appropriate automated interfaces to the core accounting module. In addition, the availability of any other financially related modules that have an automated interface to core accounting such as utility billing, inventory, licenses, etc., will be viewed favorably by the City. Please describe how your software complies with the above.

SYSTEM DESIGNED FOR LARGE MUNICIPAL GOVERNMENTS

The City of Sacramento has a population of approximately 303,000. The total budget, including Capital Improvement Plan (CIP), is \$213 million dollars, including 3,280 budgeted positions. The City is interested in acquiring core accounting software that is implemented successfully in municipal governments of the same size or larger than Sacramento. Please list three cities, using the format shown below.

NAME
 ADDRESS
 CONTACT
 TELEPHONE NUMBER
 OPERATIONAL MODULES
 1.
 2.
 3.
 4.
 5.
 6.
 HARDWARE
 POPULATION
 NUMBER OF FULL TIME EMPLOYEES

SOFTWARE DESIGNED FOR GOVERNMENT ACCOUNTING

An important factor in the City's decision making process will be the extent to which the software facilitates government fund accounting processes and the preparation of financial statements according to GAAFR. For example, the software should be able to appropriately process and report on all of the fund types defined by GAAFR. Timely updates, on-line inquiries, and reports should be available to track pre-encumbrances, encumbrances, budget status, multi-year grants and projects etc. The extent to which the municipal accounting software facilitates cash and investment management is very important to the City. The automated preparation of year end financial statements that comply with GAAFR is also desirable. Software packages that were designed for the private sector and use cumbersome procedures and methods to handle fund and encumbrance accounting will not be considered as favorably as those designed for the public sector. Please concisely respond to these criteria.

VENDOR IMPLEMENTATION SUPPORT

The City will rely heavily on the vendor for necessary modifications, implementation support, user training and ongoing maintenance of the software. The vendor must have qualified and experienced development, implementation, and maintenance personnel. Please describe your approach and qualifications in this area.

COMPUTER EQUIPMENT SUFFICIENT FOR CITY'S FUTURE NEEDS

The City anticipates that by 1987 the computer acquired to process the municipal accounting applications will also be used to process all other City data processing applications. It is therefore essential that the vendor's municipal accounting software will run on computer equipment that is supported by a wide variety of non-financial software packages suitable for cities and that can expand to sufficient capacity and processing power to satisfy the City's data processing requirements for the foreseeable future.

Please describe the range and types of computer equipment that your software can run on without conversion or modification.

FLEXIBILITY TO ADAPT TO CHANGING USER REQUIREMENTS

The selected software must be of modular design and include a wide variety of user maintained reference tables that can be modified to adapt to changing user requirements, or to change valid funds, organizations, etc. Processing options permitting batch, on-line input with night-time batch update, and real-time processing based on user needs are also desirable. The software must have clear and detailed user, operations, and systems documentation. The vendor must be committed to regular, periodic version updates of the software based on input from user groups.

RESPONSIVE TO THE CITY'S REQUIREMENTS

The successful vendor will possess an understanding and appreciation of the City's accounting requirements by virtue of past experience and expertise. The vendor will combine this understanding with an in-depth knowledge of the software product and an ability to communicate this knowledge to both data processing and accounting personnel. This ability will be determined both by the City's contact with the vendor and by conversations with the references requested earlier. The vendor will respond in a timely and appropriate manner to verbal or written correspondence.