



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: July 15, 2014

TO: Mayor and Councilmembers

FROM: Accounting Division, Finance Department

SUBJECT: Professional Services Agreement - Consulting Services For Accounting Software Implementation

RECOMMENDATION:

That Council authorize the Finance Director to execute a two-year professional services agreement with Lance, Soll & Lunghard, LLP, Certified Public Accountants, to perform consulting services for assistance with implementing the CaseWare Working Papers accounting software, in a total two-year amount not to exceed \$38,865.

DISCUSSION:

BACKGROUND

Currently the Finance Department compiles and produces the Comprehensive Annual Financial Report (CAFR) using Microsoft Office products. As the software programs utilized to produce the CAFR are not integrated, there is a significant amount of work effort in maintaining the individual programs causing inefficiencies in the Finance Department and a higher risk for error.

A software solution was provided as a component of Munis, the new financial management system from Tyler Technologies; however, after a thorough review and analysis of this module, it was determined to be only a partial solution and it failed to provide an integrated solution for the CAFR.

Based on an extensive analysis of available software packages capable of providing an integrated software solution for the compilation and preparation of the Comprehensive Annual Financial Report, the Finance Department has selected the CaseWare Working Papers (CaseWare) software for an annual licensing cost of \$6,565. The software product will allow for increased efficiencies in the Finance Department with regards to preparation of the CAFR, audit work papers and interim financial reports. It will also reduce staff overtime costs and the likelihood and/or frequency of reporting errors due to the integrated features of the system.

Due to the expertise required for CaseWare implementation and limited staffing resources in the Finance Department and Information Systems Department - primarily resulting from the ongoing Munis implementation project - the Finance Department is recommending the City enter into a contract with the City's current external auditors, Lance, Soll & Lunghard, LLP (LSL), to provide professional consulting services to assist with the implementation of CaseWare at a two-year amount not to exceed \$38,865. LSL has extensive experience with implementing and utilizing CaseWare and currently uses the software to produce CAFRs for a significant number of its municipal clients. As the City's current external auditors, LSL is both familiar with the City's operations and financial account structure necessary to assist with the set-up and implementation of CaseWare for the City.

Consulting services to be provided by LSL include three distinct elements as described below.

CaseWare Implementation - Fiscal Year 2014 CAFR - \$18,780

During Fiscal Year 2015, LSL will implement the financial statement component of CaseWare to produce all of the financial statements contained within the CAFR. In addition, LSL will produce the footnote and statistical sections of the CAFR utilizing data exported from CaseWare. Training on CaseWare fundamentals, closing working papers and financial statement maintenance and production utilizing CaseWare will be provided by LSL. Five (5) hours of technical support and project assistance are included in this element of the software implementation.

Monthly Interim Reporting - \$5,675

LSL will develop a customized reporting model utilizing CaseWare to produce monthly interim financial reports. As a component of the Munis implementation project, custom interim reports were scheduled to be developed at either an hourly programming cost by Tyler Technologies or by City Information System staff to replace the interim reporting model made obsolete by the new financial management system. Due to enhanced features of the CaseWare software and resource limitations at Tyler Technologies and within Information Systems, Finance staff is recommending the use of CaseWare to produce the monthly interim reports. LSL will provide training on interim reporting tools, including the production and maintenance of the report tables.

CaseWare Implementation – Fiscal Year 2015 CAFR - \$14,410

During Fiscal Year 2016, LSL will implement the final phase of the CaseWare software, titled CaseView, to produce all components of the CAFR. The implemented financial model will include all components of the introductory, financial and statistical sections of the CAFR. On-Site training on CaseView CAFR preparation and maintenance will be

included. Fifteen (15) hours of technical support and project assistance are included in this second phase of the implementation.

BUDGET/FINANCIAL INFORMATION:

Funding for the implementation of a CAFR module in Munis and the development of monthly interim reports was budgeted as a component of the new financial management system replacement project. Staff is recommending the use of available appropriations from the Munis implementation project in the Information Systems Capital Project Fund to fund the contract with LSL for consulting services as follows:

Fiscal Year 2015	
Phase 1 – 2014 CAFR	\$18,780
Phase 2 – Interim Reporting	\$5,675
Total FY15	\$24,455

Fiscal Year 2016	
Phase 3 – 2015 CAFR	\$14,410
Total FY16	\$14,410

PREPARED BY: Julie Nemes, Accounting Manager

SUBMITTED BY: Robert Samario, Finance Director

APPROVED BY: City Administrator's Office