OFFICE OF THE CITY AUDITOR
COLORADO SPRINGS, COLORADO

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24-07 Colorado Springs Utilities 2023 Enterprise Resource Planning System Implementation Review

March 2024

Purpose

The purpose of this review was to continue to monitor Colorado Springs Utilities (Utilities) 2023 development of the Enterprise Resource Planning System (ERP). The Office of the City Auditor (OCA) monitored procurement, governance, testing, security, and training.

Highlights

We conclude that for the year ended 2023 overall project management was effective, and the appropriate governance, procurement, testing, and security were in place. Training and user testing will be reviewed in our 2024 work. We found no issues to report in this phase of the project.

Additionally, we followed up on five recommendations from the previous audit report. Those recommendations were designed to strengthen information technology-related procurement and program management policies and procedures. Three of the five recommendations have been appropriately resolved by Utilities. The open recommendations did not impact the ongoing project progress in 2023.

Project Description

The ERP project is a multi-year effort by Utilities with three phases:

- The first phase is planned to be operational in July 2024. The first phase includes core functions of finance and human resources.

- Phase two will provide additional functionality and improved business processes for financial closing and reconciliation management, as well as recruitment and performance management.

- Implementation of the third phase of the project is being determined. The third phase will assess potential opportunities for time entry options, supply chain functionality, and expense management.

Project Budget and Actual Spend

	2022	2023
2022 Actual Expenditure	$931,420.31	
2023 Final Approved Budget		$2,591,860.00
2023 Actual Expenditure		**$2,406,864.55**

2023 Project Overview

Significant changes to the project scope and timeline took place in 2023. Utilities acknowledged resource challenges. Project progress was briefly slowed to right-size the overall approach and facilitate a smooth transition to the new application. This reset resulted in a deferral of scope and a timeline extension. These changes were appropriately communicated and approved by Utilities management.

The implementation for Phase 1 was projected for summer 2023. The updated Phase 1 implementation date is projected for July 2024. Implementation was projected by the vendor to take sixteen months. The new schedule, after the project reset will take the project timeline to approximately twenty-six months with a differed scope to complete essential core software functions before adding any functionality.

Utilities, along with the ERP vendor, has completed a majority of Reports, Interfaces, Customizations, and Extensions (RICE) development. RICE involved creation of customized reports and system interfaces, data clean-up and conversion, transfer of data from the legacy system to the ERP system, and enhancements to add functionality.

Utilities also completed System Integrated Testing (SIT), which verified business processes, approval flows, RICE elements, role-based security, and data mapping and migration.

The OCA will continue to monitor the project throughout development and implementation.

We would like to thank Colorado Springs Utilities staff for their support during this audit.