



# OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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A handwritten signature in black ink, appearing to read "Jacqueline M. Rowland".

## 24-23 Colorado Springs Utilities 2024 Enterprise Resource Planning System Implementation

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### **Purpose**

The purpose of this audit was to monitor the implementation of a replacement to the Colorado Springs Utilities (Utilities) general ledger, human resource, and payroll system with a cloud-based Enterprise Resource Planning (ERP) system. The Office of the City Auditor monitored the development and preparation effort in 2022-2023. In 2024, we monitored the implementation effort, which included governance, project management, procurement, budget and cost, testing, training, and organizational change management.

### **Highlights**

We conclude that, overall, project management, procurement, testing, training, and organizational change management were effective and that appropriate project governance was in place. We found no reportable issues. We identified two commendable practices related to project management and organizational change management.

On 15 July 2024, Utilities successfully implemented and transitioned from existing on-premise software to cloud suite software with new modules added to general ledger, human resources, and payroll.

The user acceptance test plan and the test team's approach were thoughtful and comprehensive. Testing defect tracking and retesting was reviewed weekly in preparation for readiness to go live. Training focused on educating end-users on the new system and working together with organizational change management to help implement transition to a new system. Multiple readiness surveys were conducted to evaluate progress.

### **Background**

The ERP project was a multi-year effort by Utilities to provide additional functionality for the general ledger and human resources functions. The legacy system required customizations over its lifespan and became difficult to maintain and upgrade. The replacement system afforded Utilities with more out-of-the-box capabilities. This system is utilized as the system of record for finance, human resources, and payroll.

Changes to the project scope and schedule occurred in 2023 due to interface development needs and changes to the general ledger across other systems, creating multiple system dependencies. 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. As a result, testing and training planned for 2023 occurred in 2024. These changes were appropriately communicated to and approved by Utilities management.

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## ***Project Cost and Remaining Forecast for 2024***

Project Cost Summary	
Expenditure Year	
2022	\$1,610,152
2023	\$2,458,831
*2024	\$2,704,089
Total	\$6,773,072

\* Includes forecast cost of \$754,462

Budget revisions in 2024 were primarily due to change orders. Additional effort was added for a fourth data migration pass in preparation for testing and to facilitate defect resolution. Vendor post-go-live support was extended from 30 to 90 days to ensure critical functions and integrations had adequate support. Additional requirements were added for reports, interfaces, customizations, and extensions.

### ***Commendable Practices***

The project manager's performance was commendable in resetting the project effort and tracking task and milestone progress to successful completion.

Additionally, implementation of strong organizational change management practices was noted as a second commendable practice that helped ensure personnel readiness to transition to the new system.

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

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.