



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Controller



Date: August 2, 2013
Board Meeting Date: September 10, 2013
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Bob Adler, Controller
James C. Porter, Director of Public Works
Jon Walton, CIO/Director of Information Services

Subject: Agreement with Western Integrated Systems

RECOMMENDATION:

Adopt a Resolution waiving the Request for Proposal process and authorizing an agreement with Western Integrated Systems to provide accounts payable automation services, for the term of September 10, 2013 through March 10, 2014, in an amount not to exceed \$172,542.

BACKGROUND:

Over the last year, the Controller's Office recognized an opportunity whereby accounts payable (AP) processing could be improved countywide through increased use of automation. Activities in the AP process are paper and labor intensive and cause a strain on limited resources. Implementing an automated workflow system will streamline processing in the following ways:

- Streamline and standardize invoice processing across departments
- Provide stronger security and internal controls

Scanning invoices and auto-extracting related data will:

- Automate routing, review and approval of invoices in real-time
- Reduce data entry and related errors
- Expedite retrieval of documents
- Increase early pay discounts
- Reduce the use of paper

While the Controller's Office was conducting its analysis of countywide AP processes, the Public Works (DPW) and Information Services (ISD) departments conducted separate process improvement events with support from the County Manager's Center

for Continuous Process Improvement (CCPI). CCPI encourages the use of automation to expedite processing, streamline steps and eliminate processing variations typically seen in manual processing. Similar to the findings by the Controller's Office, both CCPI department teams concluded that portions of their AP and invoicing processes could be greatly improved by transitioning from a labor intensive manual process to an automated workflow process that integrates with the Integrated Financial and Administrative Solution (IFAS) accounting software. During both of these events, review teams considered the use of other existing workflow systems within the County, but none matched the needs assessment as well as the proposed system. The AP/invoice processing solution to be implemented with software and services provided by Western Integrated Systems (WIS) will include a document scanning and data extraction tool (Kofax), a workflow tool (Filebound), and their integration with the County's Enterprise Content Management (ECM) document storage and IFAS accounting systems.

DISCUSSION:

The County processes 190,000 invoices in a fiscal year. There are a minimum of 7 steps, including: verifying goods/services were received, manually routing invoice and supporting documents for review and approval, verifying accuracy of invoice data, approving invoice for payment, determining how payment will be coded/charged, entering data in IFAS, and copying and storing supporting documents. An automated solution would reduce processing time (the number of days between invoice date and check issue date) by several days, which would allow departments the ability to redirect resources to other mission critical activities.

The Controller's Office has already made some significant improvements, with WIS' assistance, through the use of Kofax software, a scanning solution that eliminates the need to store hardcopies and enables efficient online storage and access to electronic documents. The Controller's Office is now able to store and have online access to documents supporting approximately 95% of the dollar value of County's AP transactions and 100% of journal entry transactions.

Building on the process improvement plans in place by DPW and ISD, the Controller's Office would like to pilot this new automated workflow system. The pilot program, which is expected to run for several months, will allow the County to test the effectiveness of the automated system and determine its viability and potential resource savings for all departments. The County intends to roll-out, with minimal additional costs, this automated solution to all County departments after it is successfully utilized by the three pilot departments. Additional costs would primarily consist of training users and acquiring additional scanners.

The Human Services Agency recently selected WIS as the most qualified provider at the best value through a competitive process. WIS has also had prior experience working for the Controller's Office, which has enabled its consultants to become knowledgeable regarding the County's AP processes and IFAS accounting system. The contractor's experience will help the County implement this solution in a more

timely and cost effective manner. Therefore, the Controller's Office is requesting the Board to waive the Request for Proposal process for this pilot project.

The Board is also being asked to authorize the Controller or his/her designee to execute subsequent amendments which do not exceed an aggregate of \$25,000.

The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as all other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, non-discrimination and equal benefits.

County Counsel has reviewed and approved the agreement and Resolution as to form. Contractor meets insurance certification requirements. Risk Management and Information Services Department have also reviewed and approved the Agreement.

Approval of this agreement contributes to the Shared Vision 2025 outcome of a Collaborative Community by providing fiscal accountability and concern for future impacts.

PILOT PROJECT PERFORMANCE MEASURE(S):

Measure	FY 2012-13 Actual	FY 2013-14 Target⁽¹⁾
Average number of days from invoice date to payment date	27.3 days	20 days

⁽¹⁾ One year of activity starting on go-live date will be used to measure performance target.

FISCAL IMPACT:

These one-time project costs will be funded by the three participating pilot project departments, with each department contributing one-third of total costs. The Controller's Office, ISD and DPW have already included these project costs in the FY 13-14 Recommended Budget. There is no impact to Net County Cost.