



Office of the City Auditor

Date: August 23, 2006

To: Dr. Charles A. Eddy, Chair, Finance and Audit Committee

From: Mark Funkhouser, City Auditor

Subject: Response to the ERP Post-Implementation Audit

When we met with you on Monday morning, you asked whether we had seen the second response to the ERP audit that the City Manager's Office provided to you last week.¹ We hadn't seen the response but agreed to review it. The City Manager's Office provided us with a copy on Monday morning.

We have several observations about the second response:

- We are qualified to audit the city's ERP implementation. The second response questions our qualifications and references guidelines from a professional information systems auditing organization.² The audit team meets those guidelines. The team includes Certified Internal Auditors and a Certified Information Systems Auditor. The team averages over eight years of performance audit experience, including working on prior audits related to the city's ERP.
- Auditing the ERP at this time was appropriate. The second response questions conducting the audit and describes it as "premature." The second response makes reference to professional guidelines that actually support auditing an implementation "any time in the life cycle of the project." We believe that providing management, the Mayor and City Council, and the public with the results of our audit work is appropriate.
- Our survey found that nearly 30 percent of frequent users were dissatisfied with the system overall, not as the second response reports, "less than 12% of the

¹ *Response to Draft Report on ERP Implementation Audit*, City of Kansas City, Missouri, Information Technology Department, June 8, 2006.

² *IS Auditing Guideline, ERP System Review, Document G21*, Information Systems Audit and Control Association, May 1, 2003.

individuals utilizing the system were dissatisfied.” Our survey found that 11.1 percent of frequent users were *very* dissatisfied and 18.2 percent were dissatisfied. We also reported that about a third of the users were satisfied or very satisfied. We are pleased that the City Manager’s first audit response³ agrees with our recommendation to regularly survey users and we look forward to seeing the results of those surveys.

- We remain concerned about a lack of training despite information provided in the second response. In his first response, the City Manager agreed with our recommendation about training. But, neither response indicates who is responsible for comprehensive and continued training.
- We believe the second response’s characterization of users is not constructive. The second response describes a “counter culture” and “resistant subcultures” within the city, and appears to criticize users for not requesting help through the proper channels. Obviously, implementing new systems to provide finance and HR functions is difficult and requires efforts of management and users. Rather than criticizing users, management needs to provide regular training, communicate appropriately, and monitor user satisfaction. We are pleased that the City Manager’s first response agreed with the recommendations related to providing training; ensuring frequent, consistent communication; and regularly surveying users.

If you have any questions or would like additional information, please let me know.

cc: Mayor Kay Barnes
Members of the City Council
Wayne A. Cauthen, City Manager
Gail Roper, Director of Information Technology
Gary O’Bannon, Director of Human Resources
Debra Hinsvark, Director of Finance

³ *Performance Audit: ERP-Post-Implementation*, City of Kansas City, Missouri, City Auditor’s Office, August 2006, pp. 51-52.