

NEVADA COUNTY’S NEW “E” FINANCIAL SYSTEM

REASON FOR INVESTIGATION

In 2002, the Board of Supervisors approved a major expenditure to acquire the Pentamation Financial Accounting System (Pentamation). In light of the many horror stories about aborted governmental computer projects, the Grand Jury was interested to see what the experience has been in implementing Pentamation to meet the needs of the County.

BACKGROUND

The information systems in Nevada County had become a collection of antiquated specialized systems, supporting individual departments. These programs, written for separate departments, ran on different and often-incompatible computer platforms and operating systems. As new demands were placed on the County for programs that could satisfy new mandated accounting standards (GASB 34), it became even more apparent the old systems were obsolete. The days of large system proprietary software development would be over in Nevada County.

The Nevada County Information Systems Department (ISD) Strategic Plan of November 2000, called for a state-of-the-art financial system. Action was taken in 2001 to set a new hardware standard for Nevada County that would provide the platform for the new financial system. Special committees were formed to identify the financial system needs of each department. After an in depth search and acquisition process, installation and testing of the program began in fall 2002. Conversion in the departments began in early 2003. It took detailed project management and participation of the implementation teams to successfully bring all the pieces together for a project of this magnitude. Once all the departments were converted to Pentamation, the County financial system would then have entered the realm of e-finance (electronic finance). Pentamation is a financial system used by 250 local governments nation wide, including several counties in California.

METHOD OF INVESTIGATION

The Grand Jury interviewed department heads and Pentamation users in several departments, reviewed the ISD strategic plan and status reports, and visited the offices of users to observe the system in operation. In addition, the Grand Jury interviewed ISD management and were given a system overview of Pentamation.

FINDINGS

1. The Pentamation system now enables the County to comply with the newly mandated state and federal general accounting standards and provides transparency with the public.
2. A major enhancement to Pentamation, implemented in mid 2005, is the Graphics User Interface (GUI) release. The release provides easier information access through the internet, improves functionality, and is user friendly.
3. A comprehensive and continuous employee-training program has been established which includes a new dedicated computer training room. The program employs “train the trainer” methodology which allows for additional training and support within departments.
4. The Pentamation system permits for additional levels of cost collection within the chart of accounts enabling departments to better track their expenditures. Pentamation also has the capability to provide numerical summaries and analysis.
5. Users state that Pentamation’s budget planning feature has the capability to improve the annual budget allocation process. It also supports budget adjustments during the year.
6. Nevada County belongs to the national Pentamation Users Group. The group provides the opportunity to discuss problems of mutual interest, share best practices, and develop improvements with other Pentamation users from other county governments.
7. The Pentamation purchase-order receiving function is not being utilized, resulting in uncertainty as to outstanding liabilities.
8. The County does not have a single entry time collection system that feeds both the Cost Accounting Management System (CAMS) and Pentamation. CAMS is a job tracking system used by the Department of Transportation.
9. The County is participating with other counties in a Pentamation design group. This Design Group is working to develop a new web based time entry module.
10. The Treasurer-Tax Collector Department continues to use a 30-year-old legacy system for tax collection functions. While Pentamation supports the treasury function, it does not now support the tax collection function.
11. In combination with the installation of Pentamation in 2003, the County has been engaged in adopting a number of state of the art technologies to enhance the goal of attaining e-government status. These include a land management and permitting system, a new website (www.mynevadacounty.com) with e-mail contacts, Customer Resource Management (CRM), document imaging, workflow redesign, enhanced video conferencing, Global Positioning System (GPS), and network FAX/printing/scanning.

CONCLUSIONS

1. Nevada County's commitment to the modernization of the financial system has proven to be a successful project, with improved capabilities and functionality.
2. With the new enhanced Pentamation release the expanded internet access appears to have improved employee productivity.
3. The ongoing comprehensive training program has been instrumental in maintaining effective and efficient utilization of all systems.
4. It appears the financial tracking capability of Pentamation has allowed the County to reduce costs.
5. The legacy software used for tax collection exposes the County to a risk of system failure in the future.
6. The use of Pentamation provides better analysis of data for improved decision making through the use of its data summary, trend and exception reporting capability. This feature eliminates the requirement to maintain many spreadsheets for data analysis.

RECOMMENDATIONS

1. The Nevada County Board of Supervisors should direct the CEO to continue to ensure the citizens' ability to access county information on-line and improve their ability to conduct business with the County.
2. The Nevada County Board of Supervisors should direct the CEO to continue the successful training program for all involved employees.
3. The Nevada County Board of Supervisors should direct the CEO to require the utilization of the Pentamation purchase order receiving function.
4. The Nevada County Board of Supervisors should direct the CEO to incorporate the Pentamation time entry module being developed by the Design Group. This should ensure that the time entry module updates both Pentamation and CAMS.
5. The Nevada County Board of Supervisors should direct the CEO, with input from the Treasurer-Tax Collector, to investigate the availability of new tax collection software that is compatible with Pentamation.

Responses Required

Board of Supervisors September 22, 2005

COUNTY OF NEVADA

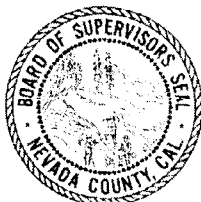
STATE OF CALIFORNIA

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MO 9-19-05

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September 13, 2005

The Honorable Judge Al Dover
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City, CA 95959

Subject: Board of Supervisors Responses to the 2004-2005 Nevada County Civil Grand Jury Report, Nevada County's New "E" Financial System

Dear Judge Dover:

The attached responses by the Board of Supervisors to the 2004-2005 Nevada County Civil Grand Jury Report, Nevada County's New "E" Financial System, are submitted as required by California Penal Code §933.

These responses to the Grand Jury's Findings and Recommendations were approved by the Board of Supervisors at their regular meeting on September 13, 2005. Responses to Findings and Recommendations are based on personal knowledge, review of official County records and information received from the County Executive Officer, the Chief Information Officer, the Assessor, the Treasurer-Tax Collector, and the Auditor Controller.

The Board of Supervisors would like to thank the members of the 2004-2005 Grand Jury for their participation and effort in preparing their Reports, and their participation in the Grand Jury process.

Sincerely,

Ted S. Owens
Ted S. Owens
Chair of the Board

Attachment

cc: Foreman, Grand Jury
Rick Haffey, County Executive Officer
Steve Monaghan, Chief Information Officer
Dale Flippin, Assessor
E. Christina Dabis, Treasurer-Tax Collector
Bruce Bielefeldt, Auditor Controller

**NEVADA COUNTY BOARD OF SUPERVISORS RESPONSES TO
2004-2005 CIVIL GRAND JURY REPORT
DATED JUNE 23, 2005**

NEVADA COUNTY'S NEW "E" FINANCIAL SYSTEM

Responses to findings and recommendations are based on either personal knowledge, examination of official county records, review of the responses by the County Executive Officer, the Chief Information Officer, the Assessor, Treasurer-Tax Collector, and Auditor Controller or testimony from the Board Chair and county staff members.

I. GRAND JURY INVESTIGATION:

Nevada County's New "E" Financial System.

A. RESPONSE TO FINDINGS & RECOMMENDATIONS:

Findings:

- 1. The Pentamation system now enables the County to comply with the newly mandated state and federal general accounting standards and provides transparency with the public.**

Agree

- 2. A major enhancement to Pentamation, implemented in mid 2005, is the Graphics User Interface (GUI) release. The release provides easier information access through the Internet, improves functionality, and is user friendly.**

Agree

- 3. A comprehensive and continuous employee-training program has been established which includes a new dedicated computer training room. The program employs "train the trainer" methodology which allows for additional training and support within departments.**

Agree

The Pentamation system permits for additional levels of cost collection within the chart of accounts enabling departments to better track their expenditures. Pentamation also has the capability to provide numerical summaries and analysis.

Agree

- 5. Users state that Pentamation's budget planning software has the capability to improve the annual budget allocation process. It also supports budget adjustments during the year.**

Agree

6. **Nevada County belongs to the national Pentamation Users Group. The group provides the opportunity to discuss problems of mutual interest, share best practices, and development improvements with other Pentamation users from other county governments.**

Agree

7. **The Pentamation purchase-order receiving function is not being utilized, resulting in uncertainty as to outstanding liabilities.**

Partially agree

While the purchase-order receiving function of the system is not being utilized, the full encumbrance capabilities of the purchase-order system are being used which approximates, to some significant degree of accuracy, the value of committed goods or services. The County does not centralize the receiving of all goods and, to date, has not seen the benefit of utilizing the Pentamation software's receiving function. If a benefit is identified, this function will be implemented.

8. **The County does not have a single entry time collection system that feeds both the Cost Accounting Management System (CAMS) and Pentamation. CAMS is a job tracking system used by the Department of Transportation.**

Agree

An enhancement to the CAMS/Pentamation interface is being considered and will be implemented if found to be feasible and cost effective.

9. **The County is participating with other counties in a Pentamation design group. This Design Group is working to develop a new web based time entry module.**

Agree

10. **The Treasurer-Tax Collector Department continues to use a 30-year-old legacy system for tax collection functions. While Pentamation supports the treasury function, it does not now support tax collection function.**

Agree

11. **In combination with the installation of Pentamation in 2003, the County has been engaged in adopting a number of state of the art technologies to enhance the goal of attaining e-government status. These include a land management and permitting system, a new website (www.mynevadacounty.com) with e-mail contacts, Customer Resource Management (CRM), document imaging, workflow redesign, enhanced video teleconferencing, Global Positioning System (GPS), and network FAX/printing/scanning.**

Agree

Recommendations:

- 1. The Nevada County Board of Supervisors should direct the CEO to continue to ensure the citizens' ability to access county information on-line and improve their ability to conduct business with the county.**

The recommendation has been implemented and is ongoing.

The web site and system process automation software, such as the Citizen Request Management (CRM) and the Community Plus On-line Permitting System, are constantly being updated and modernized to improve the transparency of the activities and ease of doing business with the County of Nevada. Official records of the Board of Supervisors including Board meeting agendas, staff reports and minutes, Board Resolutions and Ordinances, and many other official public records have been available to the public on-line for many years and are continually being expanded and made more accessible. Other county departments have likewise expanded their web presence and now offer a considerable amount of information and public access to county services on-line. New and improved ways to provide county information on-line will also continue to be developed and implemented in coordination with other county priorities and as resources permit.

- 2. The Nevada County Board of Supervisors should direct the CEO to continue the successful training program for all involved employees.**

The recommendation has been implemented.

Employee training on the "E" Financial System will continue and be expanded as needed to ensure a high level of employee system knowledge and proficiency.

Resources have also been set aside in the recently approved FY 2005/2006 budget that will allow the continuation of innovative training programs like the "Get It Tips and Tricks" sessions put on by the Information and General Services Department (I&GSD).

- 3. The Nevada County Board of Supervisors should direct the CEO to require the utilization of the Pentamation purchase order receiving function.**

The recommendation will not be implemented at this time.

Implementation of this function will be considered in fiscal year 2006/2007 as other required system components become fully operational.

- 4. The Nevada County Board of Supervisors should direct the CEO to incorporate the Pentamation time entry module being developed by the Design Group. This should ensure that the time entry module updates both Pentamation and CAMS.**

The recommendation has not yet been implemented but will be in fiscal year 2006/2007.

System testing is about to begin in several county departments and will be expanded as operational reliability standards are achieved.

5. The Nevada County Board of Supervisors should direct the CEO, with input from the Treasurer-Tax Collector, to investigate the availability of new tax collection software that is compatible with Pentamation.

The recommendation will not be implemented at this time.

The Property Tax System (PTS) was developed in-house by the Nevada County Information & General Services Department and has functioned well since its implementation. It is a very complex system encompassing hundreds of business processes that run across the Assessor, Auditor-Controller, and Treasurer-Tax Collector Offices. This current system has more functionality than either of the only two available commercial systems offered in California (Crest and Megabytes). Because of this, the three independently elected officials who primarily use the system have all agreed that the best course of action for now is to keep this current system in place. As stated by the Treasurer-Tax Collector, Chris Dabis: "I know my duties quite well, and believe me when I say, 'If there were a better system I would advocate for its purchase.' I have not yet found a better system."

To facilitate ongoing system functionality, the County has embarked on a project to update the underlining system platform technology. This project will cost approximately \$40,000 and will provide a dependable, supportable platform for this critical application, extending its useful life for 4 to 5 years. To purchase and install a new commercial PTS at this time would cost well over \$1,000,000.

There are also higher priority technology needs in the three departments that need to be addressed. Many labor-intensive business processes are still performed manually. There are also many opportunities to enhance services to citizens, such as increasing on-line property information and self-service transactions. The Board agrees with the three elected officials that it would be beneficial to their operations to focus limited county resources (funding and staff time) on these high value automation opportunities, rather than expending all available resources to replace the current functional PTS. The result of doing so would be to end up with less functionality than currently exists, while making no forward progress in these other automation areas.

While the underlying PTS technology was dated, the core technology has been purchased by IBM and has undergone new product development and enhancements. This will allow the County to use the latest application development services such as SQL, XML, and web services to enhance the PTS and integrate critical functions with Pentamation.

The Information & General Services Department will continue to work with the Assessor, Auditor-Controller, and Treasurer-Tax Collector to monitor the need for development and implementation of a new PTS and plan accordingly for a new system when needed.

REQUIRED RESPONSES

Board of Supervisors – by September 22, 2005

COUNTY OF NEVADA

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September 19, 2005

The Honorable Judge Al Dover
Presiding Judge of the Nevada County Courts
Nevada County Court House
Nevada City, CA 95959

Subject: Board of Supervisors Responses to the 2004-2005 Nevada County Civil Grand Jury Report, Nevada County's New "E" Financial System

Dear Judge Dover:

Responses by the Board of Supervisors to the 2004-2005 Nevada County Civil Grand Jury Report, Nevada County's New "E" Financial System, were submitted as required by California Penal Code §933 on September 13, 2005. The responses to the Grand Jury's Findings and Recommendations from the Treasurers Tax Collector were omitted from this packet. Please find these responses attached.

Sincerely,

Ted S. Owens
Chair of the Board

Attachment

cc: Foreman, Grand Jury
Rick Haffey, County Executive Officer
Steve Monaghan, Chief Information Officer
Dale Flippin, Assessor
E. Christina Dabis, Treasurer-Tax Collector
Bruce Bielefeld, Auditor Controller

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JUL 25 2005

NEVADA COUNTY
BOARD OF SUPERVISORS

E. CHRISTINA DABIS
Treasurer and Tax Collector

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County of Nevada

Mr. Ted Owens, Chair
Nevada County Board of Supervisors
950 Maidu Avenue
Nevada City, CA 95959
HAND DELIVERED

Re: 2004-2005 Grand Jury Report - Nevada County E-Finance System

Honorable Supervisor Owens:

Your Board is required to reply to items found in this particular Grand Jury's report by September 22, 2005. One item pertains to my offices.

The Grand Jury's report specifically addresses Pentamation, the County's current financial system. Had they interviewed the front-end-users of this system I am certain their report would have detailed Pentamation's shortcomings.

Never the less, in their report, they discussed a non-Pentamation system, our tax system. They recommended:

- 5. *The Nevada County Board of Supervisors should direct the CEO, with input from the Treasurer-Tax Collector, to investigate the availability of a new tax collection software that is compatible with Pentamation.*

Please be advised that I have investigated other tax systems. I have done this as an ongoing effort to bring efficiencies to my office. There are two commercial systems that adhere to California law: Crest and Megabytes. Neither one is as efficient as our existing tax system.

For your information, the "tax system" is not as simple as its name indicates. This system encompasses the Assessor's Office, the Auditor's Office and the Tax Collector's Office. Furthermore, the "tax system" provides information, and in some cases is the basis, of other county department's systems. It is not simply a matter of printing out a tax bill, mailing it, and collecting the money. Those elements are the last in a long and intricate series of activities, the beginning of which starts with the assessment roll under the Assessor's control.

All property is enrolled onto the assessment roll. Each property is identified and assigned a parcel number with a corresponding page in the Assessor's parcel map books. Their appraisers calculate the values of the property and all improvements on the property. Their clerical staff maintains the chain of ownership, manages address changes, grants or denies exemptions, and enters the respective values onto the assessment roll.

Nevada County Treasurer and Tax Collector
NevadaCountyTax.com

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Annually, the Assessor presents the assessment roll to the Auditor. The Auditor's staff extends the roll, which means they calculate the property taxes due, they attach the approved parcel charges, bond charges, and, when appropriate, they apply the late penalties and cost fees.

Once the calculations are final and balanced, the "extended roll" is presented to me with the personal responsibility for the collections. We produce the tax bills, mail them, collect the money and deposit it to the Treasury. At year's end, we move all unpaid accounts to the abstract roll, collect the unpaid taxes or sell the property at our annual tax auction.

I have intentionally omitted hundreds of other functions that occur on both the assessment rolls and the extended rolls for the sake of simplicity. Also, I have limited my discussion to the "Secured Tax Roll", however, there are other tax rolls: Supplemental Tax Roll, Unsecured Tax Roll, Public Utility Tax Roll, and the Racehorse Tax Roll; all of which are governed by State laws found in the Revenue and Taxation Codes.

Neither our Assessor, Mr. Dale Flippin, who has used a commercial tax system in Placer County, nor I, desire to replace our superior "tax system" with an expensive commercial system.

I know my duties quite well, and believe me when I say, "If there were a better system I would advocate for its purchase. I have not yet found a better system."

Please include my comments, or a copy of this letter, in your reply to this Grand Jury's report.

Respectfully,



E. CHRISTINA DABIS,
Treasurer & Tax Collector
County of Nevada
State of California

Copy: Mr. Rick Haffey, County Administrator, 950 Maidu Avenue, Nevada City, CA 95959
Mr. Dale Flippin, Assessor, 950 Maidu Avenue, Nevada City, CA 95959