City of Cape Coral

Munis Post-Implementation Report
2021

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Fort Myers, Florida

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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Andrea Russell
City Auditor
City of Cape Coral, FL

Dear Ms. Russell:

This report provides the City of Cape Coral, FL ("you", the "entity", or "the City"), City management, and members of the Board with the results of the Munis Post-Implementation consulting engagement.

The objective of this engagement was to perform procedures related to the scope as outlined in the following report, which were agreed to by the City. The objectives included the evaluation and assessment of governance, controls, and procedures/operations regarding project management, administration, feasibility assessments, functional analysis, integrations, and conversions related to the Munis implementation with Tyler Technology ("Tyler").

CliftonLarsonAllen (CLA) performed the engagement over a three-month period from August 2021 to November 2021. The engagement included virtual meetings and subsequent discussions with departments responsible for IT operations, security, finance, and billing/accounting (including chart of accounts, account configurations). In addition, the procedures performed by CLA are not a substitution for management's responsibility to maintain a system of controls to monitor and mitigate risk. The Munis Post-Implementation engagement was designed to provide the City with insight and perspectives to inherent and specific risks. The sufficiency of the procedures, including the scope of and timing of the procedures, is solely the responsibility of City management. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

We appreciate the opportunity to assist the City of Cape Coral. Management and staff involved in the process were a pleasure to work with and very open to sharing their opinions and knowledge. This cooperation was invaluable to the outcome of this project.

This report, which has been prepared in accordance with American Institute of Certified Public Accountants (AICPA) consulting standards, is intended solely for the use of the City of Cape Coral, those charged with its governance and management, and is not intended to be and should not be used by anyone other than these specified parties. Any unauthorized use of this report is strictly prohibited. CliftonLarsonAllen LLP, Cape Coral's management and those charged with governance assume no liability for its use by any party not authorized to do so. We were not engaged to, and did not perform, an audit, the objective of which would be the expression of an opinion on the operations or internal controls of the City of Cape Coral. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

CliftonLarsonAllen LLP

CLA (CliftonLarsonAllen, LLP)
Fort Myers, Florida
January 13, 2022

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Background

CliftonLarsonAllen LLP (CliftonLarsonAllen) was engaged by the City of Cape Coral's ("Cape Coral", or "the City" or "you") Internal Audit Department to conduct a post-implementation assessment of Munis. The City implemented Munis in June 2020. Due to various constraints and impacts, the implementation was noted as elevated in risk. This includes project controls, governance, oversight, implementation controls, and related risk management of the project and conversion(s).

The City contracted with Tyler Technology to implement Munis in June 2018. Munis is a comprehensive enterprise resource planning (ERP) application suite encompassing financials, human resources, asset management, and revenues. It is designed to meet the needs of various public sector organizations such as counties, cities, school districts, and authorities.

Scope

Munis Post-Implementation Scope

The scope of the Munis Post-Implementation included a review of the processes and procedures for control, operations and implementation of Munis within the City including:

- Feasibility and Risk Assessment Studies
- Project Planning and Coverage
- Testing Plans
- Functional Analysis and Evaluation
- Project and System Risk Tracking, Monitoring and Escalation
- Interfaces and Impacts
- System Design and Technical Requirements
- System Conversion and Reconciliation
- Fixed Assets
- Integration and Cutover Strategy and Determination
- Application General Controls
- Investment
- Contractor and Vendor Performance Considerations

Munis Post-Implementation Review Procedures

- We met with representatives of the City to conduct walkthroughs and understand project management processes and governance, Munis system controls, risk tracking, and stakeholder perspectives for this project.

- We inquired with City IT, Financial Services, and other functions that may have already reviewed Munis or project management related aspects and inspected the resulting documentation. We leveraged and incorporated that insight into our approach.

- We inspected all applicable contracts and service level agreements that were executed between Tyler Technologies and the City.

- We evaluated current internal controls that have been placed in operation regarding Munis, project management, and related roles/interfaces.

- Performed walkthroughs of internal controls to determine whether processes and controls were implemented.

Overall Rating and Criteria

Overall Rating

Our observations are included in the Observations Recommendations matrix following this section, which contain the impact on Cape Coral's activities and functional departments, due to gaps in the internal controls, our recommendations and management's remediation plans.

We rated the overall implementation of Munis within Cape Coral as **Improvement Needed (Yellow)**. Through our inspection of the documentation and evidence provided during the implementation, we noted various areas that needed improvement with the prior project, along with our recommendations to help facilitate smooth implementations for future projects, including other Munis modules. We identified multiple opportunities for enhancement in project management, specifically, the inclusion of those charged with governance in other potentially impacted departments to assist with guidance and steering in the best interests of the City. In addition, we identified that key project deliverables were not captured and signed for acceptance, providing confirmation that critical stages in the project were ready for implementation.

We observed key deficiencies within reconciliation of systems, as well as integration and cutover strategies. We noted that key chart of account reconciliations, as well as comparisons of converted records could not be evidenced during our review, presenting a risk that conversions were not completed and could cause variances in financial reporting.

We noted that overall project management and administration; including risk tracking, status reporting, testing escalation and resolution, project communication, and more, lacked sufficient resource allocations and did not incorporate key stakeholders from various affected departments, executive levels, etc. This created greater risk of project knowledge and continuity, as well as diminished oversight and governance overall.

There was a lack of clarity and requirements for final criteria and review for go-live authorization. Further, escalation and communication with key executives and the City Manager office regarding significant project and final implementation "go-live" risks did not occur.

Finally, we noted that there was a lack of risk analyses conducted prior to implementation, as well as critical risks not addressed. Failure to adequately evaluate, prevent and minimize damage from risks can lead to an environment where if ignored, will leave significant gaps in adopting appropriate strategies to manage potential risks to the success of the project.

Rating Criteria

The individual risk ratings for each of the observations detailed in the control gap matrices and the overall report rating are based on the following criteria:

Report Rating and Observations Rating

Report Rating	Criteria
Satisfactory (Green)	Our procedures resulted in no significant observations related to the design of internal controls or to the proper functioning of controls as designed. We have identified certain controls and/or documentation matters indicating that some processes and procedures may require improvement so that the overall control structure will continue to operate effectively.
Minor Improvement Needed (Blue)	The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some minor areas of weakness in control environment that need to be addressed. Once the identified weaknesses are addressed, the control environment will be considered satisfactory.
Improvement Needed (Yellow)	Our procedures resulted in observations, some of which are significant, related to the design of internal controls and/or to the operating effectiveness of controls. Management should address these control deficiencies in order to strengthen the system of internal control.
Unsatisfactory (Red)	Our procedures resulted in observations, some of which are significant, related to the design of internal controls and/or to the operating effectiveness of controls. Management should address these control deficiencies in order to strengthen the system of internal control.

Observations Rating	Criteria
High (H)	Presents a high risk (impact on financial statements, internal control environment or business process) to the organization for the process reviewed, and/or is a key focus for business success/achievement of goals. We recommend action be taken immediately and in no more than three months.
Medium (M)	Presents a medium risk (impact on financial statements, internal control environment or business process) to the organization for the process reviewed, and/or is important for business success/achievement of goals. We recommend action be taken within six months.
Low (L)	Presents a low risk (impact on financial statements, internal control environment or business process) to the organization for the process reviewed, and/or is of low importance to business success/achievement of goals. We recommend action be taken within twelve months.

The ratings do not represent any conclusion to the effectiveness or adequacy of individual controls or the overall internal control structure of the City taken as a whole. The ratings are defined to take into consideration all the facts that are made available, any other pertinent factors, and management's overall commitment to identifying and managing risks and resolving issues.

Observations and Recommendations

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
1	Project Planning and Coverage	High	Cape Coral did have a project management steering committee; however, it was not clear that stakeholders from the City Manager's office or other sponsors were included. Further, formal reporting and escalation of issues regarding final go-live determination did not include communication/consultation with City Sponsors, or the City Manager who reports to the City Council.	We recommend that the City adhere to the System Development Lifecycle (SDLC) and project management guidelines to ensure all required artifacts such as feasibility studies and risk analyses for project implementation are completed and agreed upon by all responsible members prior to the start of any future implementation or modules. We further recommend the identification and inclusion of additional resources to comprise the project management steering committee to provide oversight and consultation, ensuring delivery of the project outputs and achievement of project outcomes.	The IT Department has developed a Feasibility and Risk Analysis Form and will require all Departments complete the form in adequate detail before beginning a Major Project. The IT Steering Committee meets twice per year and reviews large IT projects with the department directors, auditors and representative from the City Manager's office. The IT Director provides periodic written updates of project statues to the Asst. City Manager.	Hoffmann	Complete
2	Feasibility Study	High	The City's Software Development Lifecycle states that feasibility and risk analysis studies are to be conducted before development. Through our review of the documentation provided we noted that feasibility and risk analysis studies were not performed during the evaluation and planning for Tyler-Munis implementation.	We recommend that Cape Coral Project Management Steering Committees and affiliated "Project Sponsors" complete required feasibility studies and risk analyses to ensure that all risks have been identified and considered prior to any future implementations or modules.	The IT Department has developed a Feasibility and Risk Analysis Form and will require all Departments complete the form in adequate detail before beginning a Major Project.	Hoffmann	Complete

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
3	Feasibility Study	High	During inspection of the provided Risk List, as well as the provided meetings between Tyler and Cape Coral, it appears that 2 Priority and 4 Watch List risks were identified as not being communicated to Cape Coral during the project.	We recommend that Cape Coral Project Management Steering Committees frequently monitor risks/issues to ensure that they are mitigated, resolved, or evaluated for risks prior to implementation. Formal expectations of communications and requirements should be monitored with 3rd parties.	The Project Management Team members meet frequently throughout the life of a project to review statuses and risks.	Hoffmann	Complete
4	System Conversion and Reconciliations	High	We could not determine that final balances, chart of account and coding discrepancies/errors, corrections and reconciliations were accomplished during the implementation. There was lack of evidence to confirm a review and approval for final chart of accounts, as well as Munis conversion script by the City to confirm completeness and accuracy of key account balances.	We recommend Cape Coral IT and Project Management Steering Committee maintain evidence that conversion comparisons, testing, and reconciliation are completed to ensure the integrity, completeness, and accuracy of financial records converted into new systems.	IT accepts the recommendation and will require that Departments provide proof that they have completed conversion comparisons, testing and reconciliation prior to go-live.	Hoffmann	Complete

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
5	Integration and Cutover Strategy and Determination	High	We could not determine/evidence that a review and reconciliation of converted records to the final extract file was performed. We noted the following additional observations: A comparison of standard reports within both Munis and JDE to include reconciliation between the systems could not be evidenced. An inspection of sample records within each application to ensure all required fields were included and converted properly could not be evidenced. Evidence was unavailable to determine that a series of transactional tests were performed to ensure the records reported/presented appropriately and were mapped to the targeted fields.	We recommend Cape Coral IT and Project Management Steering Committee include additional resources and planning, and that clear communication plans and protocols are established at project inception, to prevent a lapse in resolving issues prior to proceeding to the next phase of a project.	IT and participating departments will include appropriate resources and clearly communicate plans, protocols and expectations.	Hoffmann	Complete
6	Project Planning and Coverage	High	The following Control Points were not signed by the City: Control Point 4: Final Testing and Training Control Point 5: Production Cutover After 10 business days these Control Points were deemed accepted prior to 'Go Live' implementation of Munis as per the Tyler-Cape Coral Statement of Work (SOW) We additionally noted that the City signed and proceeded to go into Control Point 6: Closure Stage Acceptance.	We recommend that all mission critical tasks are monitored for completion, and formally approved to ensure readiness prior to implementation of a project. We further recommend that Business Units and the City Manager should have a say/role in the final approval for Go-Live based on current open issues, concerns, lack of converted data/uploads, etc.	IT will thoroughly document critical task completions. IT will continue to advise the business units and City Manager's office as to go-live timing and consider any input related to the plans.	Hoffmann	Complete

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
7	Integration and Cutover Strategy and Determination	High	There appeared to be a lack of adequate resources and planning for the implementation of Munis. Although the City did postpone the 'Go-Live' date by 3 months, they continued to move forward with the transition to the Munis system even though key members of the accounting staff terminated employment with the City or were not available during critical phases of the implementation project. Lastly, as noted previously, the project management team overall could have included direct involvement from additional stakeholders and members of other impacted departments.	We suggest the City broaden and focus resources regarding project management tasks and oversight on future projects. Further analysis of skillsets, number of resources, and time commitments necessary for such major projects should be more fully vetted and documented at project approval.	The City recognizes that more staff involvement would be preferred and will make an effort to broaden participation in the future.	Hoffmann	Complete
8	System Design and Technical Requirements	Medium	Out of approximately 1,200 issues, we identified 56 issues that were unresolved at the time of Go-Live, with no clear disposition or strategy to mitigate or resolve those items.	We recommend that Cape Coral maintain evidence of documenting/tracking open items/discussions and conclusions to include risks and potential impacts. Additionally, conclusions and dispositions should be documented and communicated to all stakeholders.	IT agrees to include conclusions and dispositions in documentation going forward.	Hoffmann	Complete

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
9	Project Planning and Coverage	Medium	CLA noted during inspection of the Munis Implementation Project Roadmap that out of 1,731 individual tasks that were required to be completed relating to training, production cutover and final testing, the following were incomplete: • 3 out of 204 training tasks were marked as 0% complete • 2 out of 248 cutover tasks were marked as 99% complete. In addition, 381 tasks related to training, production cutover, and final testing were marked as 100% but an actual completion date was not provided. Items not completed on the project roadmap could indicate that the City was not ready to go live. CLA further noted after inspection of the most recent Munis Implementation Status Report, 51 tasks related to training, production cutover, final testing, as well as completion of Go-Live by Cape Coral were not fully complete.	Pressures from the vendor, as well as internal "single points of failure" in the project team should be avoided going forward, and comprehensive PMO (Project Management Office) Teams should be established, without sole discretion/responsibility on one such individual.	IT will modify their Manage Programs Policy to include wording regarding Steering Committees and participating members.	Hoffmann	1/31/22

Ref #	Domain	Risk Rank	Observation	Recommendation	Management's Remediation Plan	Owners	Due Date
10	Testing Plans	Medium	Observed that Regression Testing was not included in any of the test plans or schedules, noting that Regression Testing should be executed to ensure that previously developed and tested software still performs after a change. If not, then a regression or back out (i.e.: rollback) should have been executed.	We recommend that Cape Coral adhere to change management policies and procedures to ensure that all changes function as intended prior to implementation/ cutover.	Although nothing was specifically called "regression testing", departments are instructed to test their processes end-to-end before approving the move of updates from Test to Production environments. IT will develop a form that will require Department Director approval that thorough "regression testing" has been prior to IT moving changes into Production	Hoffmann	1/31/22
11	Project Planning and Coverage	Low	There is a lack of documentation to determine that Cape Coral has had any discussions or negotiations with Tyler regarding service credits, refunds, or a settlement based on incomplete tasks, errors noted during implementation and go-live, lack of training, unresolved issues and lack of escalation/resolution to key exceptions and risks noted.	We recommend the City work with the City Attorney's Office and others to determine contractual obligations and options related to any credits or refunds that could be recovered due to issues and errors noted.	When circumstances warrant such action IT will consult with the City Attorney's Office.	Hoffmann	Complete