



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY

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Justin P. Wilson
Comptroller

May 17, 2011

The Honorable Bill Ketron, Chair
Fiscal Review Committee
5 Legislative Plaza
Nashville, Tennessee 37243

The Honorable Curtis Johnson, Vice Chair
Fiscal Review Committee
215 War Memorial Building
Nashville, Tennessee 37243

Re: Enterprise Resource Planning System (Edison)

Gentlemen:

As part of our continued monitoring of the progress of the state's Enterprise Resource Planning System (Edison), the Office of the Comptroller of the Treasury assessed whether improvements have been made with the Edison ERP system. As you will recall, our office issued several letter reports and conducted various surveys and interviews during the initial implementation of the Edison system, which can be found at <http://tn.gov/comptroller/edison/>. Those efforts found numerous problems, which were shared with Edison staff and management. To assess current attitudes about the system, 18 months after the full implementation, we conducted this survey.

The Edison system consists of two components: the Financial and Supply Chain component (FSCM) and the Human Capital Management component (HCM). Based on anecdotal evidence, the HCM component, which includes the human resource functions, is the more functional and stable component at this time. Hence, our survey focused on the FSCM component of Edison, which includes the financial and procurement functions.

We surveyed 60 fiscal officers from various state agencies through questionnaires. This included both large and small agencies, and in some cases, included multiple individuals from agencies that have several employees who serve as fiscal officers over various programs. Of the 60, 36 fiscal officers responded.

FSCM Functionality (Usefulness of system)

We asked respondents to rate their overall satisfaction with the functionality of the Edison FSCM component, using a scale of 1 to 10, where 1 is the least satisfied and 10 is the most satisfied. As noted in the chart below, the fiscal officers seem generally satisfied with the current functionality of the system. Twenty-eight of the 34 responses that addressed this question (82%) are on the upper half of the scale (6-10).



We also asked the fiscal officers to tell us whether their overall satisfaction with Edison FSCM has increased today as compared to the first month after implementation. The scale again was from 1 to 10, with 1 being greatest decrease in satisfaction and 10 being the greatest increase in satisfaction. As noted in the following chart, we can again see a positive response with 31 of 34 fiscal officers (91%) responding that their satisfaction with FSCM has improved over time.



Confidence in the information provided by the system

Although the fiscal officers acknowledge that improvements have been made, there are also indications that there is still some lack of confidence with the system. This lack of confidence could be seen in the survey comments when three fiscal directors described the need to use separate processes to validate the information in Edison. In addition, six fiscal officers raised concerns about the reports created by the system regarding uncertainty about the information provided on the reports. It was clear that further customized assistance and training are needed to ensure that the agencies know which queries are available and what each query is intended to provide.

This general lack of confidence was also seen when we asked questions about fiscal officers' confidence in the accuracy of the system. Based on the comments provided with the survey, we did not see any complaints about specific inaccuracies, but only 11 were able to respond that they were confident that the system was always recording, processing, and reporting information accurately. The majority were more comfortable qualifying their response by saying they were confident the system was *usually* recording, processing, and reporting information accurately. We plan to perform additional procedures over the next couple of months through phone calls and audit work, to determine what caused the fiscal officers to qualify their responses.

Grants accounting problems

Another issue noted in the responses was the difficulty with the grants accounting module. As mentioned in our November 17, 2010, letter report, this module contributed to the delay in the year-end financial reporting process. Respondents reported that they are still experiencing problems with this module. Nine of the responding fiscal officers mentioned difficulties with grants accounting in their comments and suggested the module was not user-friendly and needed to be streamlined. Several commented they were keeping records separately from Edison on spreadsheets to ensure accurate reporting related to grants. Clearly such actions are inefficient with the operation of what should be a state-of-the-art computer system.

Slow processing time (latency)

System latency was another commonly noted issue. Though several fiscal officers acknowledged that processes have sped up, there were still complaints about the processing time for budget checking and creating reports and queries, particularly while the Edison system is processing payroll. Eleven of the fiscal directors mentioned these processing delays in their comments. The Edison system should provide prompt processing of data.

Other Edison issues

Several other issues were brought to our attention through this survey. These other issues seem to be isolated to certain departments or to certain atypical processes. We will share the information gathered with the Department of Finance and

Administration and will seek resolution on all of these issues either directly through the department or through our regular audit work.

One such issue that we will continue to examine is reports of late payments. Through responses to our questionnaire, we noted that there are fewer late payments than have been previously reported, but some still are occurring. Only one respondent noted that the agency had paid some late fees. The late payments that were reported seemed to have identifiable causes and were related to interface issues, voucher building errors, and problems with invoices that require non-Edison-driven changes, such as budget increases. We plan to examine the causes of each individually with the Department of Finance and Administration in hopes of further decreasing the number of late payments by the State of Tennessee.

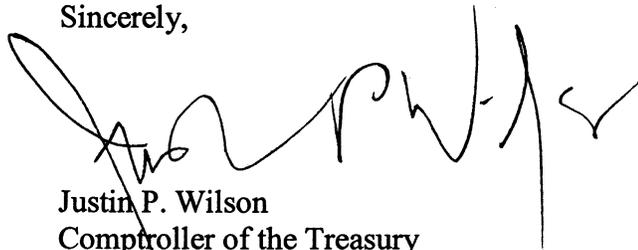
In contrast, it is important to recognize some advances with Edison FSCM. Of the 36 respondents, 17 fiscal officers included positive comments in the survey about their current experiences with the system and the Edison staff. Some of the comments were as follows:

- Improved responsiveness of the Edison staff and help desk (9 comments)
- Quicker transaction processing (6 comments)
- Effectiveness of training and fiscal director meetings (3 comments)
- Improved information and communications on the Edison home page (1 comment)
- General comments about the system moving the state into 21st century, usefulness of reports, and positive reports on the current status of the system (5 comments)

These improvements in satisfaction seem to positively reflect the continuing efforts by both the Edison team and the agency fiscal staff to work together toward solutions.

As noted above, we will continue to monitor Edison's progress through our regular audit work and will provide additional updates as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Justin P. Wilson', is written over the typed name and title.

Justin P. Wilson
Comptroller of the Treasury

cc: The Honorable Randy McNally, Chair, Senate Finance Committee
The Honorable Charles Sargent, Chair, House Finance Committee
The Honorable Mark Emkes, Commissioner, Department of Finance and Administration