



Fiscal First Aid Quick Reference

Integrating Financial and Human Resources Information Systems

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Introduction

The current economic climate requires government officials to make decisions based on accurate and up-to-date information. However, lack of integrated data from financial and human resources systems has proven to be challenging for some governments. This can create issues where data is not accurate, easily accessible, or up to date. In addition, lack of integration often creates situations where users create independent, stand-alone systems (often in Microsoft Excel, Access, or Word) with their version of the most up-to-date information. These stand-alone silo systems create additional “versions of the truth.”

Steps to Take

- I. Generate a complete inventory of the financial, payroll and human resources systems currently being used.
 - A. Survey all departments and determine what systems they are using.
 - B. Manual and paper systems should be included in the inventory, as these systems may also contain important financial or human resources information.

- II. Determine what data elements in the human resources system need to be integrated into the financial system.
 - A. For instance, does the human resources/payroll system contain personnel deductions, salary, personnel budgets, personnel FTE counts, and employee benefit data that needs to be imported into the financial system?
 - B. Are certain reports generated at specific times to provide the most up-to-date information? If so, these reports might tell you what kind of information users of the system require and when.

- III. Meet with the information technology support staff to discuss the systems and data elements/fields that need to be integrated into the financial system.
 - A. Clearly identify and communicate the specific modules and functions that need to be integrated. Provide as much detail as possible.
 - B. Identify what data elements/fields housed in the human resources system needs to be integrated into the financial system (e.g., personnel deductions, salary, personnel budgets, personnel FTE counts, and employee benefit data).
 - C. Determine how the data elements/fields will be integrated into the financial system.
 1. What type of file (.xls, .sql) will be imported into the financial system?
 2. How often will the data be imported?

- IV. Determine if the current information technology staff has the skills and expertise needed to integrate the desired systems and data.



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- A. If so, identify whether information technology staff members are available to work on the integration project.
 - B. Assign a project manager and resources to the integration project.
 - C. Develop a detailed project plan that includes the assigned functional and technical staff, and milestones and deliverables.
 - D. Schedule regular meetings to discuss the project status. Creating weekly status reports is recommended to ensure that the project status is communicated to the appropriate parties.
- V. Identify an outside technical resource (consultant and/or software) if the integration project cannot be handled internally by the information technology staff.
- A. Communicate what data elements/fields housed in the human resources system need to be integrated into the financial system.
 - B. Determine how the integration will be accomplished. Web service? Import/export file?
 - C. What are the costs (initial and ongoing) for the outside technical resources to perform the integration services?
- VI. It might be appropriate to procure an enterprise resource planning (ERP) solution where all financial, payroll, and human resources functions are integrated and real-time access to system information is available.
- A. Procuring a new system in times of fiscal stress can be a challenging situation. It can be difficult to justify a new system when staff members are asked to take furloughs or are being laid off.
 - B. Create a business case that identifies the benefits (process improvements, efficiency gains, customer/citizen service improvements, improved executive/management decision capabilities, accurate and real-time data, etc.) that can be realized with an integrated enterprise system. Be honest about which benefits will generate real, “cashable” savings. Such savings are often hard to realize from an ERP system.
 - C. The major advantages of modern ERP systems include consolidating data from divers of business processes into a single information repository, incorporating best practices and other features that allow organizations to reengineer their business processes for greater efficiency, and being able to disseminate information through all levels of an organization, especially with the addition of advanced reporting capabilities.¹

Evaluating Success

Integrating financial and human resources systems makes it possible to obtain accurate, accessible, real-time cost information. Having access to accurate information allows for improved decision making. Integrating the financial and human resources systems is

¹ Shayne C. Kavanagh and Rowan A. Miranda, editors, *Technologies for Government Transformation ERP Systems and Beyond* (Chicago, Illinois: Government Finance Officers Association, 2005), page 3.



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successful if the data is accurate, accessible in a timely manner, easily reportable, and the technology is cost effective.

City of Stuart, Florida

The City of Stuart, Florida, has an ERP system that is integrated, using both one- and two-way interfaces to the general ledger. Even with an ERP system, the city still experienced difficulty obtaining information that was not accessible via the system's standard reports.

The City did not choose to customize the financial modules, as it was cost prohibitive. Without customization, city staff created a solution to accommodate financial and human resources reporting and cost accounting needs. They used Microsoft Excel and Access to "report" on existing data that has been merged together on common fields (e.g., in a three-way link, they created reports of employee by department, retirement contributions by employee, and financial year-to-date budget versus actual reports by department). Staff used the three reports to link the individual information by person to their respective departments, and then linked them to their budget information for last year, this year, remaining balances, etc., according to Louis Boglioli III, Financial Services Assistant Director, City of Stuart, Florida.

The city was able to meet its financial reporting and cost accounting needs without customizing its ERP system. It created a custom reporting solution using existing data and in-house systems without altering the ERP system or buying any additional products.