***Title –Procurement/PO System Replacement POP #180***

***Purpose*** *–*

The purpose of this project is to procure and implement an integrated enterprise Purchasing and Procurement System that will interface with our current accounting system and procurement databases. This project is meant to replace the antiquated Forestry Purchase Order System and allow us to gain control of our purchasing processes from request to payment.

In the 2003-2005 biennia, the Agency conducted a comprehensive review of the Agency’s core operational processes and supporting business systems (collectively known as the Forestry Business Improvement Initiative or FBII), in order to identify areas of critical need, and to establish priorities for both short-term and long-term improvements. As part of that effort, the Agency’s Procurement and Payment processes were identified as an area of need.

Due to limited investment in technology infrastructure and positions, most of the Agency’s core business processes and systems date back to the 1960’s and 1970’s, with little budgetary investment in improvements. As a result of this lack of funding over time, most of the Agency’s business solutions have been developed in outdated technologies which no longer leverage advancements in institutional knowledge, corporate data, and changes in technology and information technology infrastructure. To support the operational needs of the business, a myriad of Microsoft Access and Excel adjunct systems have been compiled to support successful completion of data capture and reporting needs. However, all of these systems compile data in a programmatic, rather than global, enterprise perspective. This results in duplication of effort, and an inability to leverage corporate data across the enterprise. As a result, current agency business processes remain steeped in manual methods, which are inefficient, redundant, and do not generate effective or timely information to support decision making by upper management as well as field managers.

In the 2011-2013 biennia, the Agency re-prioritized its remaining areas of business and system needs, and the Procurement and Payment processes and systems remained as a critical need for the agency.

For the 2013-2015 budget submission this POP was to be submitted but the Department of Admin Services rolled out a project to replace ORPIN (Oregon Purchasing Information Network) with an upgraded ORPIN 2.0 which would have included a settlements process which would replace our Procurement and Payment processes and systems. We withdrew the POP per instructions from DAS. Then subsequently ORPIN 2.0 was scrapped and we were left with the ill-fitting and antiquated system that we had before the biennium began.

The Agency’s current accounts payable system utilizes an antiquated program that was built in a legacy version of PowerBuilder. Because the program has not been kept up-to-date several challenges have been created for the Agency, which include the following:

* The system only allows a purchase to be entered for payment, and does not have a process in place to manage the purchasing process from requisition to receipt of goods and/or services.
* As DAS has decentralized the areas of contracting, purchasing and payroll processes to Agencies over time, the Agency’s procurement-related workload, and the complexity of that work, has increased, and the existing legacy system cannot accommodate those demands.
* The ever increasing mandates from DAS relating to the increased use of purchasing cards, and the associated mandated processes and training to facilitate the use of those cards, has had to be addressed through manual workarounds because the current system is not flexible enough to accommodate changing workload processes.
* ORPIN has the potential to improve and coordinate the state's contracting processes, but the requirements for registration and OMWESB considerations have complicated and increased the procurement processes and the existing system is not able to integrate and maximize use of the ORPIN system.
* The current system is more of a payment, rather than procurement, system and the Agency is not able to strategically plan procurements on an enterprise level, which generates audit and cost containment concerns.
* The current system does not have the internal controls necessary to achieve a safe level of risk in our procurements.
* The current system is fragile, and unable to be enhanced to meet current or future agency needs.
* Power Builder is technology that cannot be supported internally by Agency staff. The Agency relies on contracted resources to maintain the system, and it has become increasingly more difficult for the Agency find a consistent and reliable contracted resources to maintain the system. Consequently, there is concern that the Agency may not be able to support the application.
* ODF’s Purchase Order Program was run on Power Builder version 6.5. This version would not have functioned optimally on a Windows 7 platform, which the Agency migrated to in fiscal year 2012-2013. Since ODF does not have the PowerBuilder expertise in-house to make the modifications necessary to upgrade the program to the latest version, we contracted to have Power Builder upgraded to version 12.0. This has stabilized the program but has not enhanced it or created any new functionality as we still do not have, nor do we plan on having resident experts with this programming knowledge. As such, it is very expensive to have any upgrades done to the system.

**• *How Achieved*** *–*

As part of the Agency’s most recent Business Issue Prioritization process, Agency leadership collectively agreed that the challenges presented to the Agency by the existing system are severe. Due to the legacy technology, the inability to make system modifications or enhancements, the lack of controls necessary to cover the risks associated with purchasing and significant concerns about being able to support the system in the future, the Agency has deemed this project to be of upmost priority and criticality. However, the Agency does not have the budget or resource capacity to implement this project in the 2013-2015 biennia. As a result, the Agency critically evaluated what it would be able to accomplish this biennia, and what would require additional time and budget in the 2015-2017 biennia. Those tasks are outlined below.

* 2013-2015 biennia. The tasks identified for completion this fiscal year are as follows: 1) Conduct lean process reviews to reengineer Agency procurement policies and procedures; 2) Implement protocols and training to bring Agency Procurement processes and protocols into alignment with the results of the lean process review findings; and 3) Begin requirements gathering and system scoping efforts, in order to document how the system is currently being utilized, what the future needs are, and any associated gaps in functionality.
* 2015-2017 biennia (assuming POP funding). The task for this period would encompass system acquisition and implementation.

**• *Staffing Impact*** *–*

This project will require an LD Project Manager 3 and an LD Business Analyst (ISS6) to work for 24 months at a total cost of $xxx,xxx in PS. The project will also require 3 LD positions to back fill for 12 months, an Accountant 1, a PCS 3 and an Accounting Tech 3 for a cost of $xxx,xxx in PS and 1 LD position to back fill for 6 months, a PEMD for a cost of $xx,xxx in PS.

**• *Quantifying Results*** *–*

High-level results for this project will be demonstrated through the increase in efficiency and effectiveness of the business processes of the Agency. The main outcomes will include: 1) the increase in the availability, timeliness and quality of data – both fiscal and programmatic - that will be essential for management to make informed, timely decisions on the use of limited resources available for completing the missions and goals of the agency; 2) the decrease of risks associated with work-around controls; 3) the increase in the responsiveness to queries from stakeholders outside of the agency; 4) reduced duplication of data entry; 5) Reduced cost of contracted resources; and 6) increased ability to manage organizational risk by putting proper controls in place to reduce the risk of fraud, waste and abuse. Additionally, there will be other outcomes which are too numerous to quantify at this time.

With the project specifics not having been determined at the time of submission for this POP, we do not have a hard and fast set of performance measures. However, each initiative will be planned according to PMI best practices, and will utilize industry standard performance tracking in the area of system development lifecycle, which include project on time and project on budget performance measures. Additionally, formal quality assurance will be applied to the project, which will also help to ensure that the performance measures for each of the projects undertaken as a result of this POP are directly achieved.

**• *Revenue Source*** *–*

The revenue sources for this package would be debt funding which would be paid back over the next xx years.

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