



SCHOOL BOARD ACTION REPORT

DATE: 04/7//2017
FROM: Dr. Larry Nyland, Superintendent
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For Introduction: 05/03/2017
For Action: 05/17/2017

1. TITLE

Budget Development and Financial Management System (BDMS) Contract Awards

2. PURPOSE

This Board Action Report details purchase agreements for a Budget Development and Financial Management solution that exceeds \$250,000. This system will replace our current budget development software and several manual systems currently used to build and manage our annual finance and staffing processes. It will not replace our Enterprise Management system, SAP. It will add additional financial controls and automation not currently provided by SAP.

3. RECOMMENDED MOTION

I move that the School Board authorize the Superintendent to execute contracts with SHI International Corp in the amount of no more than \$250,000 for purchasing software licensing and with Questica Inc. in the amount of no more than \$550,000, for purchasing services required to install and implement the Questica software as described in the contracts attached to the Board Action Report, with any minor additions, deletions, and modifications deemed necessary by the Superintendent, and to take any necessary action to implement the contracts.

4. BACKGROUND INFORMATION

- a. **Background** The District's current budget development system (BDS) was developed 14 years ago and is one component of a "system-of-systems" supporting a complex budgeting process. As the District's needs have grown over time, other components and custom solutions have been added, further complicating manually intensive budgeting, staffing and financial management processes. The proposed solution will replace this collection of homegrown tools with a single, integrated, modern tool that will allow the District to more efficiently develop its annual budget and staffing information as well as provide stronger internal controls on position management throughout the school year.

The recommended replacement system is Questica Budget. The software will be purchased through a State of Washington master contract with the National Association

of State Procurement Officials (NASBO) and corresponding implementation and consulting services will be contracted directly with Questica, as the sole source vendor.

Upon approval of this motion, Questica Budget will be implemented in two phases. The first phase is to use the system to build and manage central office budgets for the 2018-19 school year beginning with the budget cycle in November of 2017. The second phase will incorporate school budget development and management for the 2019-20 school year beginning with the budget cycle in November of 2018. A two-phased approach allows for benefits to begin accruing sooner and gives support staff the time to learn the tool and make any unanticipated changes before including schools in the new processes.

Training will be based on staff roles. Budget Office and Human Resource staff will receive training in October of this year. Central managers will receive training in January 2018 prior to the start of the Central budgeting arenas. School principals and staff will receive training in February of 2019 prior to the start of the school budgeting arenas.

b. Alternatives

1. **Status Quo (Do Nothing):** This option is not recommended as the current budget development solution is labor intensive, inflexible and requires highly knowledgeable analysts to operate. This solution forces significant duplicate data entry and has been identified as a weakness in our financial controls and accountability - this weakness was identified as a contributing factor in financial problems the district has experienced in the past.
2. **Conduct a Request for Proposal (RFP):** This option is not recommended as it will delay the timeline for implementing Questica Budget for a full calendar year and not allow for any improvements until the 2019-20 budget cycle. Questica Budget was reviewed, along with the other major commercial budgeting tools, within a Request for Information (RFI) process and was found to be demonstrably superior with very competitive pricing. An RFP for this project would not produce any additional tangible benefits for the District. The master contract held by the State of Washington was procured through an RFP process that meets all of our legal compliance requirements for procurement.

- c. Research** Requirements were gathered through interviews with Budget Office staff and Human Resource Business Partners. Based on these requirements, the top commercial solutions were identified and invited to participate in a public K-12 sector budgeting RFI. Additionally, the RFI was published to make sure no viable solutions were missed. Top responders were asked to present demos to Budget, Human Resources and district technology staff. Based on evaluations of the RFI responses and the software demonstrations, the Questica Budget solution was found to be significantly superior to the other solutions.

Questica has a large base of organizations using their software in Washington State and they have worked with many local governments and public utilities including Thurston County and Sound Transit. Additionally, the Spokane School District recently selected Questica to replace their current budget management system.

5. FISCAL IMPACT/REVENUE SOURCE

Fiscal impact to this action will be an initial investment of _____ for installation and configuration and an annual software license fee of _____.

The revenue source for this motion is the Capital Fund BTA IV levy.

Expenditure: One-time Annual Multi-Year N/A

Revenue: One-time Annual Multi-Year N/A

6. COMMUNITY ENGAGEMENT

With guidance from the District’s Community Engagement tool, this action was determined to merit the following tier of community engagement:

Not applicable

Tier 1: Inform

Tier 2: Consult/Involve

Tier 3: Collaborate

The proposed solution is a financial system replacement with enhancements to support business processes, so does not require community engagement.

7. EQUITY ANALYSIS

Through this project, by connecting Questica budget data and SAP financial data with academic data using the Data Warehouse, we will have increased reporting capabilities that will help provide an overall framework to aid with more informed decision-making.

8. STUDENT BENEFIT

Implementation of a new budget development and financial management tool will improve district internal controls, reduce the time required to budget and staff district resources for both central staff as well as school staff, and provide better and faster financial information for decision makers. The improved information and labor savings will benefit students by reducing staff time needed for operating activities so staff and resources for schools can be provided more quickly.

9. WHY BOARD ACTION IS NECESSARY

Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)

Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)

- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. _____, [TITLE], provides the Board shall approve this item
- Other: _____

10. POLICY IMPLICATION

Per Policy No. 6220, Procurement, any contract over \$250,000 must be brought to the Board for approval.

11. BOARD COMMITTEE RECOMMENDATION

This motion was discussed at the Audit and Finance Committee meeting on 04/18/2017. The Committee reviewed the motion and approved for consideration.

12. TIMELINE FOR IMPLEMENTATION

Phase 1 – Implement Questica tool for Central Offices for the 2018-19 school year; School budgets and staffing will be developed using traditional tools for this period.

Define business requirements	January 2017 – May 2017
Configure Questica tool to support requirements	May 2017 – September 2017
Integrate Questica tool with SAP	August 2017 – September 2017
User Acceptance Testing	October 2017
Training (Budget Office, Human Resources)	October 2017 – January 2018
Phase 1 Go-Live	November 2017
Training (Central Office managers)	January 2018

Phase 2 – Utilize the Questica tool to develop the entire District's annual budget and provide financial and staffing management during the 2019-20 school year.

Design school budgeting/staffing tool	January 2018
Build school budgeting/staffing tool	February 2018 – August 2018
Integrate school budgeting/staffing tool into Questica tool	September 2018
User Acceptance Testing	October 2018
Training (Budget Office, HR)	October 2018
Phase 2 Go-Live	November 2018
Training (School staff)	February 2019

13. ATTACHMENTS

- SHI International Software Licensing Quote
- NASPO SHI Master Price Agreement State of Washington - Addendum
- Questica Inc. Services Contract
- Budget Solution RFI