MEMORANDUM

TO: Todd A. Leach, MBA
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    Vice President, Business Operations and Facilities

    John B. States
    Vice President, Financial Accounting and Reporting

FROM: Kimberly K. Hagara, CPA, CIA, CISA, CRMA
    Associate Vice President, Audit Services

DATE: March 7, 2014

SUBJECT: PeopleSoft Financial Management System (FMS)
    Post Implementation Review Audit
    Audit Control Number 2014-028

Attached is the final report regarding the PeopleSoft FMS Post Implementation Review, Audit Control Number 2014-028. This audit will be presented at the next Institutional Audit Committee meeting.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit or the follow-up process, please feel free to contact me at (409) 747-3277.

Attachment

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Audit Report

PeopleSoft Financial Management System (FMS)
Post Implementation Review Audit

Audit Control Number 2014-028

March 2014

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150
PeopleSoft Financial Management System (FMS)  
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Background
In September 2003, the University of Texas Medical Branch (UTMB Health) implemented version 8.4 of the PeopleSoft Financial Management System (FMS). FMS includes modules for general ledger, accounts payable, travel and expenses, accounts receivable and billing, asset management, grants and contracts, and purchasing. An upgrade to version 8.8 followed in July 2005.

To continue technical support, maintain compliance, eliminate and/or reduce previous modifications, implement process improvements, and improve internal controls and the customer experience, UTMB Health began planning an upgrade to version 9.1 in January 2010. UTMB Health selected Zanett Commercial Solutions (ZCS), as its implementation partner to provide project leadership and guidance, beginning implementation in November 2012. UTMB Health went live on version 9.1 of the PeopleSoft FMS system in July 2013. The guiding principles for this upgrade project included leveraging the PeopleSoft FMS system to the fullest extent possible, adopting best business process practices where applicable, and scrutinizing customizations for absolute necessity.

Audit Objectives
The primary objective of this review is to assess the achievement of established project goals and objectives for the upgrade of the PeopleSoft Financial Management System (FMS).

Scope of Work and Methodology
Our scope of work included an assessment of project success, in particular, the extent to which it met its objectives, delivered planned levels of benefit, and addressed the specific requirements as originally defined. Additionally, the scope included identifying lessons learned from this project to improve future system implementations.

The audit methodology included documentation reviews of business requirements, the project charter, master services agreement and statement of work, project plans and governance, and system design. Additional items reviewed included project logs, meeting agendas, minutes and related project communications, change requests, authorization and sign-offs, education and training, testing, policy and practice standards, and applicable guidance provided by governing organizations. We surveyed over forty individuals and conducted interviews with a broad group of key stakeholders including business operations and technical support.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Audit Results
Regulatory Compliance
A number of regulatory and oversight organizations have requirements identifying items for UTMB Health to consider in planning, selecting, funding, controlling, evaluating, and implementing major information technology (IT) initiatives. The Texas Administrative Code 216 (TAC 216) Project Management Practices requires, at minimum, institutions of higher education approve and publish operating procedures identifying project components and the general use of project management practices. Based on our review, UTMB Health project management practices are in alignment with TAC 216 specifications; however, reviews and approval should be documented and occur annually to ensure continuous process improvement.
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The Texas Department of Information Resources publishes the Texas Project Delivery Framework Handbook (Framework) to provide the state with a consistent, statewide methodology for project selection, control, and evaluation based on alignment with business goals and objectives. UTMB Health generally complies with the spirit of the Framework and its supporting documents. Additionally, The University of Texas System (UT System) developed Policy UTS 140 Enhancing Major Software Projects, which cites the inclusion of various planning and implementation core elements. While the UTMB Health Project Management Practice Standard and IT Governance Process collectively include these core elements, revisions to UTS 140 encourage sharing best practices and major software systems decisions with UT System through its Information Systems Improvement Program (ISIP). To provide UT System with a better understanding of institutional direction and investment in information systems, the IT Governance process should continue to monitor and incorporate applicable ISIP guidance as the ISIP program matures.

**Strategic Alignment**
All IT projects are essentially business projects and should have a business rationale from inception; therefore, contribution to the achievement of the strategic business plan influences project success. Although the PeopleSoft FMS upgrade was proposed and initiated prior to the current UTMB Health IT Governance process, documentation substantiated the institution’s need for system upgrades to ensure institutional infrastructure and critical software are current and on vendor supported platforms. The UTMB Health IT Governance process design now advances an IT proposal from initial conceptualization through needs assessment and concept review, alignment with institutional strategic plans, available funding sources, and ultimately executive approval. Available PeopleSoft FMS documentation substantiated a structured formal approach to system implementation, indicated proper project reviews and approvals, and corresponding priority within the Information Services (IS) Capital Plan. As demonstrated through project documentation, the PeopleSoft FMS system upgrade sufficiently aligned IT investments with institutional needs, priorities, and resources, as determined by leadership.

**Project Quality**
Continuous project assessment increases the likelihood that a project will implement a quality solution meeting the schedule, cost, and scope commitments provided to leadership. Available documentation substantiates various project readiness assessments and project evaluations occurred during the course of the project to ensure its success. The FMS upgrade occurred as scheduled and within budget consistent with project scope and guiding principles. Project financials from June 30, 2013 indicate approximately 15% of the FMS upgrade budget remained. Additionally, the project achieved a 34% reduction in customizations based upon the preliminary fit gap estimations, while also providing new features and product functionality.

**Service Performance**
Information Technology projects initiated by the institution must ultimately have a positive impact on business outcomes. Business goals and objectives outlined in the project proposal, project communications, and the statement of work are as follows:

- Provide the institution with a necessary vendor supported platform
- Upgrade current financial management, supply chain management, and grants management systems

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- Reduce prior software modifications improving ability to perform system maintenance and future upgrades  
- Improve work processes, controls, and workflow efficiencies  
- Improve customer experience

Key stakeholders from eighteen staffing areas, representing both technical and operational involvement in the project, provided their perspective. Based on cross-functional institutional feedback, the project met stated functional goals and objectives with key stakeholders indicating satisfied with upgraded PeopleSoft FMS system.

**Lessons Learned**

To continually improve processes and increase IT investment success rates, any post implementation review should include a summary of major lessons learned. A careful review of these successes and improvement opportunities allows the institution to benefit from any innovations, enhancements, corrections, or hindrances that occurred during the project. In addition, the review can provide valuable information for decreasing costs and risks in future projects. Lessons learned specifically identified during this project review include:

**Areas of Success or Project Strengths:**

- Strong IT governance process, project management methodology/implementation strategy, and UTMB Health project organizational structure  
- Good communication and coordination between functional and technical teams; functional leads were knowledgeable, fully dedicated resources and technical resources very responsive  
- Best practices were adopted from prior HCM upgrade project experiences to contribute to a success of FMS upgrade  
- An extremely smooth upgrade with minimal business interruption, very seamless from an end user perspective

**Areas of Opportunity or Improvement:**

- Having completed both the HCM and FMS upgrades close together, a stronger implementation partner was identified who demonstrated a preferred project management methodology which should be considered in future upgrades  
- Although internal communications appeared to be sufficient, communication to end users could have been broader and included the DataMart team  
- As resources permit, provide computer lab training for those individuals desiring hands-on training opportunities  
- As applicable, conduct broader user participation testing

The project utilized the current IT Governance process, though implemented subsequent to the initial planning phase of this project, to review, approve, and prioritize the PeopleSoft FMS upgrade project. As this process continues to mature, many of the identified opportunities will be addressed, including selection of vendor solutions, project communication, training, and testing.

**Conclusion**

UTMB Health upgraded its version of the PeopleSoft FMS system ensuring ongoing vendor maintenance and support, as well as reducing customizations, improving system functionality,
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and enhancing the customer experience. Additionally, project management practices through which institutional knowledge, skills, tools, and techniques are documented and repeatable generally satisfy applicable project management requirements. Overall, the project achieved stated goals and objectives and key stakeholders are very satisfied with the new version of the PeopleSoft FMS system.

We greatly appreciate the assistance provided by staff within the various business operational areas and Information Services and hope that the information presented in our report is beneficial.

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