TOWN OF MANCHESTER

ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY STUDY
PHASE III: FINANCE AND INFORMATION SYSTEMS DEPARTMENTS

March 2005

MANAGEMENT PARTNERS
INCORPORATED

March 30, 2005

Mr. Steve Werbner
General Manager
Town of Manchester
41 Center Street
P.O. Box 191
Manchester, Connecticut 06045-0191

Dear Mr. Werbner:

The following document contains the final report for Phase III of the Organizational, Effectiveness and Efficiency Study, reviewing the Finance and Information Systems Departments. We continue to be impressed by the Town of Manchester – it is refreshing to see a community that is both well managed and well governed.

We appreciate the participation and assistance from your staff throughout the organization as we conducted our field work, reviewed information and drafted this report.

Sincerely,

Julia D. Novak
Regional Vice President

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EXECUTIVE SUMMARY

The Town of Manchester contracted with Management Partners to conduct an organizational effectiveness and efficiency study of the Finance Department and the Information Systems Department. This engagement is Phase III of an overall effort by the Town to assess the operations of all of its departments. The objective of the review is to recommend changes to practices, policies and protocols that will either improve the quality of service without increasing cost, maintain the current quality of service while reducing cost, or incorporate an industry best practice into the Town's operations irrespective of cost impact.

The Management Partners project team spent several days on site conducting interviews of key department staff, reviewing policies and procedures, analyzing staffing plans, and reviewing documents concerning these two departments. Since both agencies are staff agencies we also conducted focus groups composed of Town staff to seek out information concerning the quality of service provided by the two departments to other Town agencies. The focus group outcomes serve as an important data element in forming the basis for this report.

FINANCE DEPARTMENT

The Finance Department consists of the following divisions:
- ➢ Administration and Insurance
- ➢ Accounting
- ➢ Assessment and Collection
- ➢ General Services

There are 22 full-time positions and one part-time position authorized in the department. The current budget is $2,113,950 consisting of $1,739,270 for personal services and $374,680 in purchased services, supplies and equipment cost.

Administration and Insurance Division

The Administration and Insurance Division is responsible for managing department operations, administering the general liability and worker's compensation self-insurance fund, managing the employee health insurance programs and the Town's property and liability insurance portfolio that is provided by vendors.

The budget for this division is $114,725 with $112,725 for personnel expenses and $2,000 in other expense. The Director of Finance and an executive assistant that is shared with the Budget Office make up the personnel complement of this division.

Analysis and Recommendations

Management of Manchester's financial affairs appears to be generally of very high quality. The Town has enjoyed many consecutive years without having a material concern expressed in its Comprehensive Annual Financial Report.

Manchester is self-insured for most risk categories including errors and omissions, liability, workers compensation claims, and capital assets. Property is insured for replacement cost, but liability claims are paid by the self-insurance fund. The Town is a member of the state liability insurance pool and carries a $250,000 deductible. The typical annual appropriation for the self-insurance fund is $2,500,000.

Employee health insurance is also self-insured with a stop-loss level of 120% of expected claims. The annual appropriation for employee health insurance claims is approximately $15 million which includes employees of the Board of Education.

Insurance practices are very sound and no gaps are apparent. Even though this is the case, it is commendable that the Finance Director is planning to carry out a total analysis of all insurance funding practices to determine anew the most economical plan for funding insurance.

The Town has its own pension fund and has an independent actuarial report prepared annually. The Finance Director reports that the Town is making the annual required actuarially determined contribution.

Annual financial reporting requirements for government jurisdictions are governed by federal and state law. Credit rating agencies review annual financial reports of local governments to ascertain compliance with laws, regulations and standards regarding financial reporting. A jurisdiction's credit rating can be impacted by the degree of compliance with financial reporting requirements. Manchester has a history of being awarded with certificates for sound financial reporting and its credit rating has been favorable due to both its financial condition and compliance with reporting requirements.

The Government Accounting Standards Board (GASB) Statement No. 34 requires the reporting of infrastructure assets. Infrastructure assets are typically in a fixed location with a long useful life. Examples include roads, bridges, water and sewer lines and buildings. The Town began reporting on newly constructed infrastructure assets in 2002. However, reporting on infrastructure assets in place prior to 2002 has not been implemented. Reporting on these assets is challenging because of the difficulty of establishing the historical cost or value of assets that were in place for many decades. GASB 34 has set July 1, 2005 as the target date for including all infrastructure assets into annual financial reports. It is important for the Town to have a viable plan to ensure full compliance with GASB 34 in order to avoid any potential negative repercussions for failing to meet the established deadlines.

> **Recommendation 1: Develop a plan for meeting the GASB 34 standard and a timeline with milestones for executing the plan.**
>
> **Recommendation 2: Meet on a regular basis with the Accounting Manager to monitor implementation of the plan for meeting the GASB 34 standards.**

The Finance Director is located in the main Town Hall building and a portion of his staff is housed in the Lincoln Center building a short distance away. This arrangement means that normal daily casual contact with department staff located in the Lincoln Center is virtually absent and could lead to that staff feeling distanced from or out of touch with department management. In small, closely-knit organizations, such as this department, leadership visibility carries a high degree of importance.

> **Recommendation 3: Establish a practice of being visible on a regular (three times a week) basis to the department staff located in the Lincoln Center.**

The Town installed new financial management system software (MUNIS) in 2004. The transition has been difficult for those involved because the software did not initially perform effectively and required a high degree of vendor support during the changeover. The software, when fully functional will provide a degree of financial analysis and reporting not previously possible. However, this enhanced capacity is accompanied by a greater demand for data entry. These factors have resulted in a low level of confidence in and a high degree of resistance to the new system by staff working with it on a daily basis.

> **Recommendation 4: Organize a permanent MUNIS users group and meet with that group on a regular basis until the transition is completed and the group determines that the installation is successful.** The Finance Director should be supported in this endeavor by appropriate staff from the Town's Information Systems Department.

The Finance Director reported that he meets regularly with the manager of each division in his department to discuss items they wish to bring to his attention. This is a commendable practice. However, what is missing is a system for annual work planning and personal development for division heads. Annual goals, project work plans, and personal development plans are not prepared. These tools increase the likelihood of successful performance by division managers and should be an integral element of the system for managing the department. Without this type of information, division managers may be forced to guess at priorities, goals and behavioral expectations.

> **Recommendation 5: Establish a practice of meeting individually with division managers to set annual goals for programs and work plans with appropriate milestones for projects**. Tracking performance against goals and work plans should be a routine part of regular meetings with each division manager.

Most organizations need improvement in providing support to senior management staff regarding personal development. It is not uncommon to promote a person to a leadership position without proactively identifying the skills the new person will need to develop in order to be successful in the new position. A better practice is to provide articulated models for how successful managers behave, help managers identify their strengths and weaknesses against the model, and provide support and training for them in areas where improvement is desired.

> **Recommendation 6: Work with each division manager to prepare a personal development plan that measures the managers' skills against an articulated model of a successful manager.**

> **Recommendation 7: Arrange for appropriate support and training for managers to increase the likelihood they will develop the skills needed for successful management.**

The Finance Department is a service organization to all other Town agencies. As a service agency it is important to know customers' opinions regarding critical aspects of the service provided. It is simply good management to get feedback from customers.

> **Recommendation 8: Develop an appropriate feedback mechanism to determine the level of customer satisfaction with each of the internal services provided by the department.**

> **Recommendation 9: Work with department staff to develop appropriate work plans for addressing issues raised by customers.**

Accounting Division

The Accounting Division maintains financial records for all Town funds, including the Fire District, Water and Sewer Department, Sanitation Department, Parking Authority and Special Grant funds. Activities the division is responsible for include: payroll, general ledger, accounts payable, annual financial audit, periodic financial reporting, cash management (including investments and deposits), pension reporting, financial transactions, grant accounting, and capital budget administration.

The current operating budget for the division is $558,280 divided into $544,655 for salaries and benefits and $13,625 for other expenses. The division has seven authorized personnel as shown in Table 1.

TABLE 1: ACCOUNTING DIVISION AUTHORIZED POSITIONS

Position Title	Authorized Number
Accounting Manager	1
Senior Accountant	1
Accountant	2
Payroll Supervisor	1
Account Associate	2
TOTAL	7

Analysis and Recommendations

Payroll is one of the critical responsibilities of this division. The payroll supervisor reports that the new MUNIS system has increased the number of steps she must take to prepare payroll from four to over twenty. She further reports that this is compromising her ability to meet processing deadlines for timely delivery of payroll information to the payroll vendor. This condition is stressful for the payroll supervisor. It is a processing problem that must be addressed.

> **Recommendation 10: Conduct a business process redesign of the payroll processing system.** The Town is in the process of implementing a KRONOS timekeeping system which is expected to alleviate many of the steps in the process. The business process analysis should be completed after implementation of KRONOS to see if there are any remaining unresolved issues. This should be carried out under the leadership of the Information Systems Department (IS). The appropriate staff person from IS should meet with payroll clerks in departments and the payroll supervisor to develop an information base on how the process is currently being used. Based on that data, improvements to processing steps should be developed and all necessary staff should be trained in the process.

Management Partners' review uncovered one specific opportunity for improving payroll processing. The payroll supervisor reports that she currently reviews each of the 700 or so payroll records prior to each payroll to determine whether they are correct. Since the transition to MUNIS, errors have been frequent and of a significant nature. Town employees are either paid hourly or are on salary. Most fluctuations from payroll to payroll occur with employees who are paid hourly. If an automatic edit program were deployed so that each draft payroll register segregated and grouped employees into either an hourly or salaried

category and then did a parameter check to see if the critical data fields changed from the previous payroll, the number of manual reviews could be dramatically reduced. This should result in less stress for the payroll supervisor and more time for meeting the payroll deadline set by the vendor. In discussions with both the Finance Director and Information Services Director it is apparent that the technology required to implement this recommendation is readily available.   It is also important that additional training be provided to staff responsible for entering payroll data. Better data entry on the front-end will also increase confidence in the system and alleviate some of the concerns.

> **Recommendation 11: Develop automatic parameter checks for draft payroll reviews to reduce the labor hours needed for manual review.**

Another specific feature that is likely to reduce the labor involved in payroll is to give employees on-line access to make routine changes (such as change of address or changes to withholding status) in their personal pay records. This is currently a paper process that must flow through Human Resources and Payroll. On-line capacity for these types of record changes would eliminate duplication of effort.   A project to accomplish this is on the "to do" list of the Information Systems Department.

> **Recommendation 12: Provide secure on-line access to employees to allow them to make their own modifications to their pay and personnel records.** This will be accomplished by complete implementation of the iVantage HR system.

The senior accountant position is currently vacant.   This offered an opportunity to evaluate the benefit of restructuring the responsibilities of this position to assign day-to-day supervision of the division staff to the senior accountant. As currently written, the position is designed to be a "straw-boss" and have a lead role in many daily functions. An actual restructuring would free up the accounting manager from daily supervision.   Management Partner's review indicates that such a restructuring is not warranted. There are a total of seven positions in the entire division, including the accounting manager. This equates to having supervisory responsibility of six people which is well within the range considered to be acceptable from a span of control aspect. The senior accountant should focus on important staff assignments such as enterprise fund accounting, fixed assets and infrastructure accounting, debt service management, general and subsidiary ledger synchronization, and grant accounting, as well as carrying out projects aimed at quality assurance and financial policy compliance testing. The senior accountant position is the logical position to spearhead such quality assurance and compliance testing projects.   And, this report has previously noted the

need to direct resources toward infrastructure accounting to comply with GASB 34 standards.

> **Recommendation 13: Fill the senior accountant position expeditiously without assigning daily supervisory responsibility to its duties.** It is important to begin recruitment for this position so that several important activities including achieving compliance with GASB 34 are not delayed.

The Town has used the same firm to execute its annual financial audit and consolidated annual financial report for over ten years. Best practice in regard to annual financial reports is to require a new auditor after a predetermined time period, usually no longer than five years. While there is likely to be a cost advantage to an ongoing relationship with an external auditor, experience has shown that planned rotation of auditors enhances the likelihood of consistent application of generally accepted accounting principles and preserves the independent status of the auditor.

> **Recommendation 14: Adopt a policy that limits the number of consecutive years the same firm performs the annual financial audit.**

Assessment and Collection Division

The Assessment and Collection Division is responsible for collection of all property taxes, water and sewer billings, sewer assessments, cemetery fees, landfill fees, sidewalk and curb assessments and parking citations. The division also appraises real and personal property for inclusion in the Grand List. This agency also maintains all records and maps of each parcel relating to structures, boundaries and market value. The Assessment and Collection Division also collects and distributes all taxes due to the Board of Education.

Real property tax receipts constitute 84% of the tax base, while 9% comes from motor vehicles and 7% from personal property. Real property is assessed at 70% of the October 1, 2000 established market value. The National Automobile Dealers Association handbook is used to established motor vehicle value. Taxable personal property value is established through proof of purchase documentation.

The current budget for the Assessment and Collection Division is $845,665, consisting of $755,800 for salaries and benefits and $89,865 for other expenses. The division has an authorized staff of ten as shown in Table 2.

TABLE 2: ASSESSMENT AND COLLECTION DIVISION AUTHORIZED POSITIONS

Position Title	Authorized Number
Assessment and Collection Manager	1
Deputy Assessor	1
Assistant Assessor	2
Account Associate	3
Assistant Collector of Revenue	1
Delinquent Collector	1
Senior Account Associate	1
TOTAL	10

Analysis and Recommendations

The Assessment and Collection Division is very effective in carrying out its tax collection mission, reaching a 98% collection rate on the Grand List. In addition, those accounts that are in arrears all have payment plans developed and monitored. There are approximately 18,000 real estate accounts, of which 16,000 are residential. There are approximately 47,000 motor vehicles subject to tax and 3,000 personal property accounts.

Assessments are kept current by inspecting renovated properties, and participating in cyclical re-evaluations. Approximately 5,000 building permits are issued annually, and complete revaluation is done through a vendor on a cycle prescribed by state law. With regard to personal property tax, Staff estimates that approximately 14% of the personal property tax accounts do not declare all required assets. The state provides the motor vehicle tax list through its Department of Motor Vehicles.

Discovery of business personal property on which taxes are due can be difficult. A strategy that may prove worthwhile is to investigate the Internal Revenue Service matching program for assistance. Under the auspices of the matching program, local governments are granted confidential access to IRS taxpayer account information for data related to their tax code. Since there is likely to be a federal tax advantage gained by reporting on acquisition of business personal property, data available through the IRS might prove to be more complete and easier to access than the methods currently used to detect tax liability to the Town.

> **Recommendation 15: Investigate the Internal Revenue Service matching program to determine the cost-benefit of using this service to enhance business personal property tax enforcement.**

Responsibility for collection of parking citations has recently been transferred from the Police Department to the Division of Assessment and Collection. The state has a law that denies annual vehicle registration for vehicles that have more than five outstanding violations. The Police Department had purchased a software program to assist in collection of parking citations and to generate the information needed to take advantage of the state law.   However, Assessment and Collection Division staff reports that they have not been able to satisfactorily implement the software.   The result is that parking citation collections have not reached the desired level.

> **Recommendation 16:   Provide the necessary assistance to fully implement the parking citation payment tracking system.**

In addition, Management Partners recommends investigating the cost and benefits of contracting for parking violation enforcement and citation collection.   There are two leading national service providers, Complus and Enforcement Technology that provide parking enforcement and collection of fines for a percentage of collections. These vendors typically provide hand held devices so that parking enforcement officers can enter tag information and print tickets. This eliminates the errors associated with handwritten tickets.   These devices are then brought back to a docking station at the Police Department where they automatically synch up to a centralized database. Another advantage a national vendor offers is efficient access to motor vehicle databases throughout the country. This capacity results in better collection on citations issued to out of state vehicles. These services will also generate late notices and allow parking violators to pay tickets online through a web site which can be directly linked from Manchester's web site. Many jurisdictions that have contracted for this service report a significant increase in revenue from parking citations, even after paying the vendor their share of the collections. An additional benefit of this system is that higher paid sworn police personnel are freed up for more important duties.

> **Recommendation 17: Analyze the cost and benefits of contracting for parking enforcement and parking fine collections.**

In the last several years the Assessment & Collection division has upgraded all its major technology applications, including Vision Appraisal, MUNIS, and QDS billing, as well as the parking fine system.   The Information Systems Department (IS) needs to continue to work with the division to ensure that the upgraded systems are not just implemented, but fully functionalized.

> **Recommendation 18: Ensure new applications are fully operational before closing out IS implementation projects.**

General Services Division

The General Services Division is responsible for purchasing, central mailing, central duplicating and telephone service management. This division procures supplies, materials, equipment and services, including construction contracts, for all Town agencies. Purchasing services are also provided to the Board of Education. Staff monitors insurance and bonding requirements and federal and state regulations on all construction projects. Offset printing, photocopy, collating and binding services are provided to Town agencies. This division coordinates telephone system changes, installation and repair calls through SNET for all Town services. (The current contract for telephone service will expire soon and telephone service management may become the duty of the Information Systems Division in the future.) Personnel in this agency provide postage and monitor mailings by all Town departments. The pre-sort option is utilized and the most economical mailing venue is used.

The current budget for the General Services Division is $595,280 and is divided into $326,090 for personnel and benefits and $269,190 in non-personal services cost. There are four positions authorized for the General Services Division, as set forth in Table 3.

TABLE 3: GENERAL SERVICES DIVISION AUTHORIZED POSITIONS

Position Title	Authorized Number
Director of General Services	1
Buyer	1
Senior Administrative Secretary	1
Print Shop Supervisor	1
TOTAL	4

<u>Analysis and Recommendations</u>

Technology has had a profound impact on the purchasing function. The system of printing and advertising specifications for items to be acquired has been adapted to the reality of the internet and electronic communications. Local government jurisdictions now place their purchasing information on-line with services to which vendors subscribe and advertise their bid requests on their own web site. These improvements have not only reduced the cost of getting bids, they have increased the accessibility of vendors to the Town's goods and services

requirements which has resulted in savings. It behooves each local government purchasing agency to thoroughly integrate state-of-the-art technology into its operation. Manchester recently purchased a web content management system that provides a way for non-technical staff to publish and update web pages on the Town's web site. It has built-in workflow approval and a user friendly editing facility similar to a word processor. The REVIZE web content management system should be used by purchasing staff to regularly update bid announcements and bid awards on Manchester's web site.

> **Recommendation 19: Increase the web presence of Town bid solicitations.**

There is a growing proclivity for local governments to use a reverse auction process to purchase many of the goods required. Reverse auctions work as follows: The jurisdiction puts out its requirements for what it wants to purchase on-line through a service with which suppliers have registered. Suppliers registered with the service receive all bid request information for categories of goods or services they wish to supply. Interested suppliers respond to the jurisdiction's requirements by sending information, on-line, showing how their product matches the specifications. They do not quote a price. The jurisdiction qualifies the responding suppliers and notifies the service of which suppliers are eligible to submit price quotes. Qualified suppliers are notified by the service and a time and date for submitting on-line price quotes is set. On the selected date, qualified and interested suppliers submit their price quote on-line through the service to the jurisdiction. Suppliers are each confidentially notified on-line of their rank in the bid array and are given a fixed amount of time to change their bid or leave it as is. This process is repeated until only one bidder remains. The remaining bidder is then notified and contract processing begins. Agencies that report using the reverse auction process have expressed that the savings from this process has been significant.

> **Recommendation 20: Develop the necessary protocols for using the reverse auction system to purchase appropriate goods for Town departments.** Other jurisdictions using this system have reported that results are enhanced when local purchasing pools act in concert to create and adapt reverse auction purchasing to their region.

Town agencies and departments must be kept informed of and trained in changes in purchasing law, new practices, and policy modifications. Several personnel in operating agencies have expressed a high degree of satisfaction with purchasing services but also stated the need to have specific training when purchasing protocols are changed. The practice has been more oriented to providing written notification of changes. However, users have expressed the opinion that face-to-face training in

new protocols would result in fewer mistakes and better quality in this activity.

> **Recommendation 21:   Provide training to Town agencies on changes in purchasing law, policies and procedures.**

One of the responsibilities of this agency is to dispose of obsolete property. In some cases, public auction is the venue used for property disposal. For jurisdictions the size of Manchester, more interest and wider attendance might be generated at public auctions if they were carried out in concert with neighboring jurisdictions. In other words, just as local purchasing pools have resulted in economies for procuring needed goods, local disposal pools can result in a better return on obsolete property.

> **Recommendation 22: Implement a joint auction with neighboring jurisdictions to dispose of obsolete property and equipment.**

Mail service is provided through a vendor and is very economical. However, the vendor has been able to provide economical service because it provided services to Manchester as well as a neighboring jurisdiction. The neighboring jurisdiction has notified the vendor that it will not be renewing the mail service contract. The vendor has notified Manchester that it cannot sustain its operation on the volume of Manchester's business alone. Manchester needs to find an appropriate partner in either the public or private sector to contract for mail services.

> **Recommendation 23:   Work with neighboring jurisdictions, the Board of Education, and private sector businesses to establish a pool to purchase vendor-based mail service**.

The print shop provides some duplicating services for Town departments. The Finance Department has taken a cursory look at comparing costs with private vendors and has consistently shown that the print shop costs are competitive with the private sector. This comparison is of heightened import because existing equipment is old and should be replaced with new technology if the Town intends to continue this as an in-house function.

A comprehensive formula that takes into consideration the amortized cost of equipment, the cost for space, utilities, overhead and other items should be used to determine the competitiveness of the print shop. A more detailed and comprehensive template for calculating print shop cost per image produced is included as Attachment A to this report (and will be provided to the Town electronically).

Recommendation 24: Use a comprehensive formula that includes all applicable expenses to compare the cost of print shop services to the private sector. This formula can be used effectively to also determine whether capital equipment purchases are justified.

Once the true actual costs have been established, the Town should carefully evaluate next steps before investing in new equipment. Alternatives such as using a third party vendor or contracting with the schools should be explored before making a final decision.

Recommendation 25: Explore the feasibility of contracting with the schools, a third party vendor, or other alternatives before purchasing additional equipment.

INFORMATION SYSTEMS DEPARTMENT

The Information Systems Department (IS) provides comprehensive automated information services for all Town departments. Services are also provided to the Board of Education. This department operates under the direction of the General Manager and the Superintendent of Schools. The Information Systems Department has several characteristics of an enterprise fund in that costs are shared proportionately among the Town, the Board of Education and other users such as the Water and Sewer funds.

The current budget for the Information Systems Department is $1,545,976 divided between $1,141,184 in salary and benefit costs and $404,792 in other expenses. The Information Systems Department has a staff of 13 authorized personnel as shown on Table 4.

TABLE 4: INFORMATION SYSTEMS DEPARTMENT FUNDED POSITIONS

Position Title	Funded Number
Chief Information Officer	1
Deputy Director of Information Systems	1
Supervisor of Technical Support	1
Supervisor of Online/Applications Support	1
Senior Administrative Secretary	1
Applications Consultants	2
Trainer/Website Specialist	1[1]
Technical Support Specialist	4
Technical Services Project Leader	1
TOTAL	13

Analysis and Recommendations

The Information Systems Department has developed a strategic plan that consists of implementation of over 40 projects. The strategic plan and subsequent reports establish a project time frame that consists largely of a target date, by season of the year and year for completion of the project. While using this type of tracking system is an adequate frame of

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[1] A second position is authorized, but not funded in the current budget.

reference it falls short in terms of best practice project management. Each project on the strategic plan list should be broken down into milestones with target dates. Attachment B provides a sample format that has proven useful for project tracking and reporting.

> **Recommendation 26: Add specific project milestones and target dates to each of the projects in the strategic plan and the project closure list.**

The IS director has a weekly meeting that project managers and users may self-select into to discuss issues and concerns about project implementation. Such a meeting certainly has value in that users are included in the communications loop. However, it is insufficient in and of itself to provide proactive project management. Once each project is broken down into milestones with target dates, that tool should be used to track and report on project progress. The most effective process for using that tool is a regularly scheduled one-on-one monthly meeting between the IS director and each project manager. One of the frequently heard comments from users regarding IS is that projects don't seem to get completed. In most organizations, what gets measured gets done. Measuring project progress against target completion dates will help to assure that projects get done.

> **Recommendation 27:   Establish individual monthly project review meetings between the IS director and each project manager to review progress on project completion.**

In many organizations that rely heavily on technology, communications between users and information technology providers gets garbled and misunderstandings occur. This type of cross-communication can lead to perceptions such as those noted in the previous paragraph – that IS is good at starting projects but not as good at finishing. Many times during implementation, projects are modified and user expectations change. Accounting for this inevitable dynamic environment by documenting the changes helps to avoid misunderstandings. Information technology organizations that communicate well usually employ a tool known as a Service Level Agreement (SLA) that specifies the project deliverables in a fairly detailed way. SLAs also typically define response times for help desk staff and expectations of users. For example, an SLA may specify that IS may be committed to responding to all help desk requests within one business day. It might also specify that users are expected to clearly note error messages and complete basic troubleshooting steps before adding a new work order.

Recommendation 28: Develop Service Level Agreements with users for projects and services. The SLA should be used each year as the IS budget is being developed to review the services being provided and reach agreement on any new or modified service level.

Recommendation 29: Hold regular focus groups and informational meetings with users to keep them informed about major projects and expected completion dates.

Management Partner's review of IS noted that hardware is being purchased in relatively small lots throughout the course of a year and that acquisitions are not standardized. This practice can significantly increase the total cost of ownership (TCO) as it relates to both the acquisition and servicing of hardware. In Manchester, hardware replacement is based on which department allocates money in its budget for that purpose. As a result, some hardware that is beyond its useful life or has become technologically obsolete is still being used. Replacement of hardware should be rationalized on a service and serviceability basis.

Recommendation 30: Lower the total cost of technology support of desktop computers through standardization of hardware to a single brand with components that do not change frequently, like the Dell Optiplex. Dell Optiplex is available on the state bid list, which would be a very efficient and cost effective way to purchase PCs.

Recommendation 31: Develop a standard replacement policy for all hardware. Typically agencies replace desktops in a three-year cycle, although some do try to extend the life to four and five years.

Recommendation 32: Centralize expenditures for hardware in IS and ensure sufficient funding to support the standardized replacement cycle. (See Recommendation 33)

Recommendation 33: Purchase hardware in larger quantities to leverage discounts from suppliers.

Recommendation 34: Include CD burners as a standard specification on personal computer purchases.

Manchester currently uses a variety of operating systems (Windows 95, 98 and 2000) and application platforms. The range of operating systems and application platforms is not needed to provide effective service to the Town's agencies. Furthermore, the diversity is difficult and expensive to support and actually results in diminished quality of service. Application platforms range from dBase to Oracle to Microsoft SQL server with most Manchester applications using SQL server.

> **Recommendation 35: Standardize a single operating system for desktop computers.**

> **Recommendation 36:   Reduce the number of application platforms supported. Migrate remaining legacy applications, where possible, to standard SQL server database platforms.**

IS uses an on-line work order system as the primary tool for managing and delivering technical support to users on a daily basis. Users access the work order on-line, enter the required information, and send it to IS where it is assigned for action. Focus groups of IT staff and users of IS services stated that users often find ways to circumvent the work order system and contact their favorite support specialist directly. Generally, users have expressed a high degree of satisfaction with the technical support they receive. With some modifications, the work order system can be turned into an even more powerful management and service tool.

> **Recommendation 37: Modify the work order format to obtain more information from user requests.** Add category and sub-category fields to the user request screen so users can provide more information to technical support.   Consider routing these requests to the appropriate support staff person automatically.

> **Recommendation 38: Develop management reports for the work order system to track trends in requests and evaluate workload and effectiveness of technical support staff.**

Many Town agencies can supplement the technical support they receive from IS staff by receiving additional training in technology. A growing industry practice is to have at least one person in a user agency trained as a "super-user" who can serve as a "first line of defense" by handling relatively routine requests for technical assistance. This is an excellent force-multiplier for technical support that is very economical because it frees up the time of the technical support staff to focus on more complicated and time consuming problems.

> **Recommendation 39: Develop a "super-user" for each agency to provide basic on-site support and training of the agency's users.**

> **Recommendation 40: Develop "cheat sheets" as a post-training tool to facilitate the use of new applications.**

As many of Manchester's major software applications have moved to a SQL server platform, so has the report generation application. Crystal Reports is used in a significant number of Town software applications to generate reports. Training users how to write customized reports using Crystal Reports may dramatically reduce the IS report writing backlog and reduce the critical projects list.

> **Recommendation 41: Train key application owners in each department to produce their own custom and ad hoc reports using Crystal Reports.**

Manchester, as is the case with many other local government jurisdictions, is relying more and more on its web site as a commerce and communication tool. This is a best practice that has an important implication for how IS provides support. As use of the web site grows, the demand for web specialists will grow. As with the immediately previous set of recommendations designed to multiply technical resources at the lowest possible cost, web site support strategies must be carefully developed. Many jurisdictions have implemented web content management systems that provide a user-friendly interface for web novices to post their own content using an ordinary web browser. This dramatically increases the number of web pages a jurisdiction can publish and helps ensure that routine updates are done more timely. Manchester is currently testing a tool called REVIZE content management software as a potential standard for the Town.

> **Recommendation 42: Roll-out web content management software.** Test the software (REVIZE or a similar product if REVIZE is not successful) on a pilot basis and then launch on a wider scale to all departments.

> **Recommendation 43: Train all routine information providers and web site managers to use software to publish their own content.**

> **Recommendation 44: Use web content management software to develop consistency in appearance and navigation across all departments.**

> **Recommendation 45: Provide initial gatekeeper service in IS to "approve" all web pages produced by other agencies until it is evident that agency personnel are competent in management and adhere to established standards for web site content and appearance.**

Currently, an IS project manager is being used to manage production of the Manchester government channel. This is diverting approximately half of his time from technology projects. It is also an expensive way to manage production. One of the least expensive means of multiplying project closure resources would be to free this person up from his television production management assignment. This step would accelerate the rate at which pending projects can be completed.

> **Recommendation 46: Hire a part-time television production specialist to manage the Manchester government channel.** It could even be possible that with a directed effort and minimal training a core of volunteers could be created to program and manage production.

Many stand-alone applications have been developed in-house that are critical to operations of the Town's departments.   A cursory review of these applications indicates that they might be merged into other applications. For example, dog licenses and hunting licenses might be merged into a Town Clerk system. Merging where possible will reduce the burden of supporting so many different customized applications.

> **Recommendation 47: Merge applications to reduce the burden of support for customized applications.**

IS is managed as an internal service fund. That is, the cost of IS is prorated among user agencies that then pay for the service provided by IS. The formula for prorating the cost of service has not been examined since 1996. Unquestionably, the service model has undergone significant changes since its inception nearly ten years ago.

> **Recommendation 48: Update the cost basis formula for IS internal service fund.** The formula should be clearly linked to Service Level Agreements so assessments and services are clearly understood by customers and IS staff.

There will soon be IS staff turnover due to retirements. This gives the IS director an opportunity to determine the skill sets that are needed to execute the strategic plan and meet service level agreements, evaluate current skill sets against future needs, identify any gaps in skills, and recruit appropriate staff to fill the gaps. This type of analysis should be performed expeditiously and reviewed with the General Manager. The

resulting plan should then form the basis for a directed staffing effort and reorganization of existing responsibilities if appropriate.

> **Recommendation 49:   Develop a future-oriented IS skills analysis and staffing plan for approval by the General Manager.**

An underutilized aspect of Manchester's web site is the ability to carry out e-commerce. The application of e-commerce to the Town's customer service capacity has enormous potential for improving quality while reducing cost. IS does not currently have a staff person with expertise in this facet of technology. Those skills are critical to development of e-commerce and a person with them should be recruited as planned retirements occur.

> **Recommendation 50:   Hire a web developer/project manager with e-commerce expertise when an appropriate position becomes vacant.**

As Manchester moves forward with a pilot project to replace Centrex telephones with either an open source or legacy based Internet Protocol (IP) telephony system, it will be essential to have at least one person who is knowledgeable regarding telephone system administration. With the current Centrex system, administration is managed entirely by SBC. Should the Town decide to change technologies, it will be essential to have someone intimately familiar with installing and configuring the system.

> **Recommendation 51:   Hire a voice communications administrator early on in the implementation of the IP telephony system.**

In the context of the staffing and skills development plan, a concrete examination of the potential for growing skills among current staff should be a pivotal element. This means that in the context of the plan, each IS staff member should prepare a personal development plan that can be meshed with the staffing and skills development plan. Given the sunken cost and institutional knowledge of the current staff, higher productivity is likely to occur if they develop skills that fill the gaps in the plan.

> **Recommendation 52: Prepare personal development plans for the current IS staff with a focus on filling the skill gaps identified in the staffing plan.**

> **Recommendation 53:   Develop a reward and commitment system to foster increased skill development for IS staff.**

Implementation of the recommendations in this report would impact the staffing level in IS. Table 5 provides details of the staffing impact.

TABLE 5: INFORMATION SYSTEMS DEPARTMENT AUTHORIZED AND RECOMMENDED POSITIONS

Position Title	Funded Number	Recommended Number
Chief Information Officer	1	1
Deputy Director of Information Systems	1	1
Supervisor of Technical Support	1	1
Supervisor of Online/Applications Support	1	1
Senior Administrative Secretary	1	1
Applications Consultants	2	2
Trainer/Website Specialist	1	1
Technical Support Specialist	4	3
Technical Services Project Leader	1	1
Part-time Cable TV Producer	0	0.5
GIS staff transferred from Public Works	0	2
Web Developer/Project Manager	0	1
Voice Communications Administrator	0	1
TOTAL	13	16.5

CONCLUSION

The operations review of the Finance and Information Systems Departments has produced **53** recommendations for actions that will improve the quality of service while making the best use of their resources. Because the natural focus of this report is on issues that can result in improved operations, it should not be construed that there is no value in their operations. On the contrary, Management Partners found that the personnel we interviewed, from senior managers to front-line workers, are very capable, highly skilled, and exceptionally dedicated individuals. They were completely cooperative and eager for advice on how to improve the quality of their services. Manchester is fortunate to have such staff in its employ.

ATTACHMENT A - COST COMPARISON FORMULA

The cost figures used in this attachment are for illustrative purposes only and should not be used to calculate actual cost. Some data are not currently available, such as capital cost, and must be developed by staff. In addition to the hard copy in the attachment, a computer disc with the appropriate formula in Microsoft Excel is included so that when all the data are available they can be entered and the cost comparison can be completed.

	DIRECT COST	A		B	C	D
1	Current Year Agency Budget				$221,000	
	INDIRECT AGENCY COST					
	Occupancy Cost					
	Agency Office Site: Lincoln Center					
2	Office Building Original Capital Cost	$4,500,000				
3	Office Building Improvements Cost	$1,500,000				
4	Annual Amortized Building Capital Cost	$150,000	(line 2 + line 3) divided by 40 years			
5	Total square feet in building	60,000				
6	Annual Amortized Capital Cost/ S.F.	$2.50	Line 4 divided by line 5			
7	Square Feet of Agency Office Space	2,000				
8	Annual Space Value	$5,000	Line 7 x line 6			
9	Annual Building Utility Cost	$65,000				
10	Utility Cost per Square Foot	$1.08	Line 9 divided by line 5			
11	Agency share of utility cost	$2,167	Line 10 x line 7			
12	Annual building maintenance cost	$15,000				
13	Building maintenance cost per S.F.	$0.25	Line 12 divided by line 5			
14	Agency share of maintenance cost	$500	Line 13 x line 7			
15	Total Occupancy Cost			$7,667	Line 8 + Line 11 + line 14	
	Furniture, Fixtures and Equipment Cost					
16	Cost of Agency FFE	$38,000				
	Annual amortized cost of FFE			$9,500	Line 16 divided by 4 years	
	Overhead Cost					
18	Total Town operating budget	$65,000,000				
19	Total Agency operating budget	$221,000				
20	Agency % of total Town operating budget	0.34%	Line 19 divided by line 18			
	Annual Operating Overhead					
21	General Manager operating budget	$225,000				
22	Finance Departmetn operating budget	$2,000,000				
23	Board of Directors operating budget	$150,000				
24	Human Resources operating budget	$900,000				
25	Information Systems operating budget	$2,000,000				
26	Town Clerk operating budget	$450,000				
27	Facilities Management operating budget	$1,800,000				
28	Total Operating Overhead	$7,525,000	Sum of lines 21 through 27			
29	Agency share of operating overhead		Line 28 x line 20	$25,585		
30	Total Indirect Cost				$42,752	
31	Total Direct and Indirect Cost				$263,752	
32	Total Number of Impressions Printed	3,500,000				
33	Average Cost per Impression Printed					$0.0754
34	Average industry cost per impression					$0.0787
35	**Agency Cost Advantage/(Disadvantage)**					**$0.0033**

ATTACHMENT B - SAMPLE PROJECT TRACKING FORMAT

**MANCHESTER INFORMATION SYSTEMS DEPARTMENT
PROJECT TRACKING SYSTEM**

PROJECT NAME	PROJECT MILESTONES	TARGET COMPLETION DATE	PERSON RESPONSIBLE	STATUS