



## ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL

10300 TORRE AVENUE • CUPERTINO, CA 95014-3255

TELEPHONE: (408) 777-3227 [www.cupertino.org](http://www.cupertino.org)

### AUDIT COMMITTEE STAFF REPORT

Meeting: December 11, 2018

#### Subject

Tyler's Asset Management module and analysis of operational integration.

#### Recommended Action

Accept analysis and provide recommendations as necessary and appropriate.

#### Discussion

##### *Background*

The City's capital assets have historically been tracked and maintained via excel spreadsheets (capital asset listing). When a Department initiated the purchase of a capital asset, it would generally be coded to a -900 expenditure/expense account to indicate that it was, in fact, an asset to be recorded as such. From the information in the general and subsidiary ledgers, including the supporting backup for the purchase, the capital asset listing would subsequently be updated accordingly on a quarterly basis. On an annual basis, the general ledger would be updated to reflect the capital asset additions, disposals, transfers, and depreciation, and it would be these balances and transactions subjected to external audit.

##### *Module*

Tyler's Asset Management module enhances the process by allowing an agency to maintain its capital asset listing within the primary enterprise resource planning (ERP) system. Once an asset is created in the module, depreciation is calculated automatically and transfers from departments, funds, accounts, and asset types may be performed within the module. Having a comprehensive asset listing within the ERP allows for increased monitoring and inventory control from not only the finance division, but also from departments/divisions for which the asset belongs to and is maintained by. While capital asset listings are and may still be used outside of this system, Asset Management module increases the level of internal control by requiring approvals before activities/transactions are entered into the module.

Benefits include, but are not limited to the following:

- Assets are recorded and can be tracked via New World System
- Increased monitoring by departments/divisions within the City
- Increased efficiency in calculating and recording monthly/quarterly/annual activities such as additions, retirements, transfers, and depreciation

##### *Operational Integration*

The City has implemented Asset Management as a stand-alone reporting module and is currently putting forth efforts to utilize to the extent discussed above. The City is also exploring the module and determining the possibility of achieving operational integration with other modules. More specifically, when an invoice, for the purchase of an asset is created in the purchasing module, the necessary information fields can be input to allow for an automated flow into the Asset Management module. In other words, the Asset

Management module will not require manual asset-by-asset updating throughout the year, rather, the Purchasing module would flow into the Asset Management module.

City staff have discussed with representatives from Tyler about the benefits and possibilities of integrating Asset Management module with the Purchasing module. Simply stated, the modules can certainly be integrated; however, there are challenges in doing so.

- While this would theoretically increase efficiency for the process, additional training efforts are required to ensure all individuals responsible for creating invoices are familiar with capital assets and the necessary and appropriate information to be inputted.
- Once an Asset ID has been created through a purchase order, additional purchases for that Asset ID cannot be made. For example, if an agency purchases a vehicle in Year 20X1 for \$10,000 and in Year 20X3, the vehicle require a new bed for \$5,000, the existing Asset ID cannot be used.

The City is also considering the possibility of shifting from a decentralized structure to a centralized structure. This would effectively eliminate the ability for departments to initiate purchases for assets, thereby, holding the finance division solely responsible for the process. A centralized purchasing environment would require significant additional resources; however, it would alleviate the need to provide training city-wide for capital asset reporting. Integrating the Purchasing module with the Asset Management module would seemingly be more feasible in a centralized department; however, it is recommended the city staff and appropriate department representatives discuss the comprehensive effects of such a change prior to finalizing a decision.

#### *Fiscal Impact*

The City has already procured the Asset Management module. No additional external costs are necessary. Additional staff resources will be required to complete the integration and departmental training of the Asset Management module.

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Prepared by:	Zach Korach, Finance Manager
Reviewed by:	Kristina Alfaro, Director of Administrative Services
Approved by:	Amy Chan, Interim City Manager