



## Federal Agency Improves Accountability and Purchasing with New Accounting System

### Overview

**Country or Region:** United States

**Industry:** Government

### Customer Profile

The Denali Commission, established by the U.S. Congress as a federal agency in 1998, provides health and community services to Alaskans through its state, federal, and private partnerships.

### Business Situation

With growth, the commission found that its accounting software was inadequate to help it meet federal accounting standards, provide detailed reporting, and handle purchase order management.

### Solution

The Denali Commission customized Microsoft® Business Solutions–Great Plains® for its purposes and deployed Microsoft Business Solutions for Analytics–FRx® Professional.

### Benefits

- Set up an accounting system for less than U.S.\$250,000
- Improved business processes
- Enhanced accountability and decision making
- Increased productivity by more than 50 percent
- Provided better reporting

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Corrine Eilo, Administrator, Denali Commission

The Denali Commission, a small federal agency set up in 1998 by the U.S. Congress to deliver services to Alaskans, had used QuickBooks for its accounting software. But with rapid growth, the agency quickly outstripped the capabilities of QuickBooks. In 2002, the Denali Commission started a search for an easy-to-use accounting solution that could meet complex federal accounting standards, improve the purchase order process, and ensure accountability. With the help of Arctic IT and the federal Financial Services Center, the commission deployed Microsoft® Business Solutions–Great Plains®. Microsoft Great Plains met the agency’s requirements better than accounting systems that cost far more. And Microsoft Great Plains was so easy to use that no personnel had to be hired to maintain the accounting system—helping the agency keep overhead costs at less than 5 percent.



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## Situation

In a state as vast as Alaska, delivering services to the 640,000 residents can be difficult. Because Alaska has rugged mountain ranges, large roadless expanses, and arctic villages that are ice-bound for much of the year, just reaching some rural communities presents a challenge. To ensure that rural Alaskans receive the health and community services that they need, the U.S. Congress set up the Denali Commission as a federal agency in 1998.

The commission includes representatives from a broad cross-section of the Alaskan population; executive roles are filled by co-chairs at both the state and federal levels. “We have formed public/private partnerships that have provided critical services to Alaskans,” says Jeffrey Staser, Federal Co-Chair, Denali Commission, who reports on commission activities to the president of the United States.

The Denali Commission has completed several vital projects, including constructing 46 bulk-fuel-storage facilities to replace leaking diesel-fuel tanks that threaten community water supplies, building 50 rural clinics, and training 2,500 Alaskans for jobs—a critical need in some areas, where unemployment reaches 50 percent. The commission plans to carry out hundreds of other projects within the next few years.

## Meeting Federal Accounting Standards

With customizations, the Denali Commission was able to use Intuit’s QuickBooks accounting software until 2004. But growth created challenges for the agency’s management. “We quickly outgrew our accounting software,” says Corrine Eilo, Administrator, Denali Commission. “We needed software that could provide more detailed tracking and more efficiently demonstrate our accountability.”

As a federal agency, the Denali Commission must follow U.S. government accounting practices. Government accounting uses net costs instead of profits as the major indicator for performance and requires high standards of accountability. For example, federal agencies must keep two sets of accounting records, including:

- Proprietary records—similar to private-sector financial accounting—that handle assets, liabilities, revenues or receipts, expenses, costs, and disbursements
- Budgetary records that detail how congressional appropriations and specially designated funds are allocated, obligated, and disbursed

Every transaction needs to be reflected in both budgetary and proprietary accounts. The Denali Commission needed its accounting records to show that funds have been spent legally and that controls are in place to safeguard assets. In addition, the agency must report on the outcomes of programs and initiatives. As it does with all federal agencies, the U.S. Office of Management and Budget oversees the agency’s accounting practices and conducts annual federal audits.

The Denali Commission had always abided by federal accounting requirements, but it was not required to undergo the annual audits until 2004. Among other inadequacies, the QuickBooks accounting system could not provide the audit trail necessary for the extensive federal audit.

In addition, the Denali Commission must account for the funds that it administers for other agencies. For example, by late 2004, the commission had received U.S.\$88 million from the U.S. Department of Health and Human Services to build medical clinics in rural areas, and the agency needed its

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accounting program to support reporting on funds of these types.

In addition, the commission must handle accounting for multiple fiscal years at once. “Unlike other agencies, we don’t have to turn in unspent funds to the U.S. Department of the Treasury,” says Eilo. “Instead, we can roll them over to the next fiscal year. That makes our accounting even more complex.” QuickBooks did not support views of multiple fiscal years at one time, so the agency had to create reports for multiple fiscal years manually.

### Improving Processes

The Denali Commission also needed to improve its purchase-order process, which required several signatures on a requisition before a purchase order could be issued. The manual process consumed a lot of time.

Ease of use ranked as an important need, too, because the commission could not afford to hire someone just to manage its financial software. “We can spend only 5 percent of our budget on overhead,” says Eilo. “So it was vital that nonaccounting personnel be able to use our new system.”

In summary, the Denali Commission needed accounting software that could:

- Meet complex federal auditing requirements.
- Improve the purchase-order process and ensure accountability.
- Be used by personnel with little background in accounting.

### Solution

In October 2002, realizing its accounting system would soon be inadequate, the Denali Commission began investigating several accounting packages, including Oracle and PeopleSoft, which were costly and required lengthy implementations. The agency also contacted a number of federal agencies to

inquire about their accounting systems. “Not one was happy with its accounting system—even agencies that had spent millions of dollars,” says Eilo. “That’s when we decided to keep looking.”

In its search, the Denali Commission asked Arctic IT—formerly Mikunda Cottrell—to make a presentation. Arctic IT, a Microsoft® Certified Partner, specializes in implementations of Microsoft Business Solutions—Great Plains®, and the commission had used the firm before with good results. The commission liked that Arctic IT, as a knowledgeable local partner, would be there to oversee every step of an implementation.

Arctic IT worked with the Denali Commission in consultation with the Austin, Texas, office of the Financial Services Center (FSC) of the U.S. Department of Veterans Affairs (VA). The commission called on the FSC because it offers technology-based consulting and solutions to the VA and other federal agencies.

After reviewing solutions with the FSC, the Denali Commission concluded that Microsoft Great Plains could be customized to fit its needs. In April 2003, the commission licensed the software, becoming an early adopter of Microsoft Great Plains version 7.5 for the federal government.

Arctic IT made several customizations at the request of the FSC, which the flexibility of Microsoft Great Plains supported. The IT professionals from Arctic IT expanded the default posting accounts available in Microsoft Great Plains to support the complex accounting structure that the growing agency required. They also extended Microsoft Great Plains to handle disbursements for other agencies.

Other improvements that Arctic IT provided with Microsoft Great Plains included automating the purchase-order process and including document scanning with the new accounting

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software. With scanned document attachments, the Denali Commission now has an electronic record of all relevant paper-based accounting documents to help with audits or record searches. “It was not difficult to make Microsoft Great Plains work for federal accounting at a relatively low cost,” says Steve Dike, President, Arctic IT. “We were able to automate and enhance many operations.”

The biggest challenge of the implementation was training the people who would use the new accounting system. “We only had 90 days to train our staff—most of whom had little background in accounting,” says Jennifer Price, Program Manager, Denali Commission. “But with the help of Arctic IT, we were ready in time.”

Working together, Arctic IT, the FSC, and the Denali Commission deployed Microsoft Business Solutions for Financial Management–Great Plains in October 2003, so it was fully operational by the end of 2003. During the month of November, Microsoft Great Plains ran in parallel with the former accounting software before the agency switched completely to Microsoft Great Plains in December 2003. The deployment occurred exactly one year after the commission began its search for a new system.

To meet the commission’s reporting needs, Arctic IT deployed the Microsoft FRx® Report Server module of Microsoft Business Solutions for Analytics–FRx Professional. To make the chart of accounts reflect the commission’s various types of expenses, the system integrators created a new account segment, showing the budget, the amount of funds obligated, the amount of funds spent, and the amount of the budget still available. The reports that Arctic IT created using Microsoft FRx are now sent automatically by e-mail once a week to management—

reports that were not available with the previous system.

In 2004, the Denali Commission upgraded to Microsoft Great Plains 8.0. It now had a solution that it could continue to build on.

## Benefits

With the deployment of the Microsoft Great Plains and Microsoft FRx software, the Denali Commission achieved a new accounting solution at a reasonable cost. The commission can efficiently manage the large appropriations and expenditures that it handles while providing the tracking and reporting that the federal government requires. Purchasing and other business processes have become more efficient, and decision making has improved with the increased availability of information. In addition, the new accounting system has helped to increase accountability and staff productivity.

## Creating an Agency Accounting System at a Low Cost

The Denali Commission completed the implementation of its Microsoft Business Solutions software on time and within budget. When the commission executives added up travel time, labor, and customization, they were surprised. “We spent less than \$250,000 on an accounting system,” says Eilo. “One agency spent \$3 million, and its system doesn’t work as well as Microsoft Great Plains does.”

With its customized accounting software, the Denali Commission can clearly show how it is handling funds responsibly. “Every journal entry is reflected in both the proprietary and budgetary accounts, and handling multiple fiscal years is no problem,” says Eilo.

As evidence of the success of the new accounting system, Eilo points to requests from other federal agencies. “Our Microsoft

Great Plains software is so efficient that other agencies have asked us to manage funds for them," says Eilo. "We do that without charge, because it benefits both the government and the people of Alaska."

#### **Improving Business Processes**

The Microsoft Great Plains implementation has also improved business processes for the Denali Commission. For example, with features in Microsoft Great Plains, the Denali Commission has replaced paper-based requisitions with a Web-based system. Authorized users can view requisitions online, and e-mail alerts notify approvers when a requisition requires their attention. Notifications of final approvals are also sent by e-mail to initiators when a purchase order is issued or a request is rejected.

#### **Enhancing Accountability and Decision Making**

One of the customizations that Arctic IT made to Microsoft Great Plains enables commission staff to scan every accounting document into the system. As a result, executives and auditors can view every document without having to pull a file manually. Such visibility into the accounting system gives managers and auditors a clear view of the commission's financial data. "In our pre-audit report, the federal auditors gave us high praise for our transparency and internal controls," says Eilo.

The high level of visibility offered by the new solution also helps executives budget and plan more effectively. "With Microsoft Great Plains, we have the information to make better decisions," says Eilo. "We have the data we need at the right time."

#### **Increasing Productivity**

With the implementation of the Microsoft Business Solutions software, the Denali Commission saw productivity rise. "We're now doing twice as much work in half the time," says Eilo.

The staff at the Denali Commission appreciates that Microsoft Great Plains can be easily managed and used by those without an accounting background. "The ease of use is one reason why Microsoft Great Plains is effective," Price says, "I can't emphasize that enough."

#### **Providing Better Reporting**

The Denali Commission now generates detailed reports that give recipients a view of accounting activities at both the transaction level and at a consolidated level. As a result, executives, managers, and commission members get a complete picture of the commission's accounting. Because Microsoft FRx Report Server sends the reports automatically by e-mail, everyone who needs the information is kept informed.

#### **Helping the Agency Fulfill Its Goals—Cost-Effectively**

Because the Denali Commission relies on public and private partnerships, it actively looks for ways to extend the work that it does with the funds it receives. The commission believes that its new accounting system will help it do that. "We're charged with delivering services in the most cost-efficient, practicable manner possible," says Federal Co-Chair Staser. "We expect Microsoft Great Plains to help us achieve that goal."

The Denali Commission staff also consider themselves fortunate because they put the new accounting system in place in 12 months at a reasonable cost. "I would advise other government agencies of our size to consider Microsoft Great Plains," says Eilo. "I don't think another solution could perform as well and still keep our overhead costs at 5 percent."

## For More Information

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For more information about Arctic IT products and services, call (907) 646-7300 or visit the Web site at: [www.mcinfotech.com](http://www.mcinfotech.com)

For more information about the Denali Commission, call (888) 480-4321 or visit the Web site at: [www.denali.gov](http://www.denali.gov)

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### Software and Services

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  - Microsoft SQL Server™ 2000
- Microsoft Business Solutions—Great Plains® 8.0
- Microsoft Business Solutions for Analytics—FRx® Professional

### Hardware

- Dell PowerEdge servers

### Partners

- Arctic IT

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