



A case study:
Putting electronic work papers to
work in state government



If you're an Arkansan, you might instinctively relate your home state to one of the following slogans: "The Natural State," "The Land of Opportunity," or "Regnat Populus," which Latin linguaphiles will recognize as, "the people rule."

Mix all those notions together – a natural state of things, opportunities to improve, and doing right by the people – and you have the philosophy that the state's Department of Finance and Administration (DFA) is using to boost productivity through the adoption of new technology for its financial reporting team.

Where to start? Facilitating a smooth, efficient transition from paper-based accounting and reporting to an electronic work paper system provided a practical, budget-smart first step.

Pushing forward with purpose

When a new assistant accounting administrator joined the DFA's Financial Reporting Section (FRS) in mid-2021, he realized that his team was tasked not only with publishing the Annual Comprehensive Financial Report (AFCR) and Schedule of Expenditures of Federal Awards (SEFA) reports for the state, but also was on-point for quarterly reporting of billions of dollars coming into Arkansas from federal COVID-19 relief programs (via the CARES Act and American Rescue Plan Act, or ARPA).

And when attempting to align staff hours available with the tasks at-hand, the simple math didn't add up so simply.

Take the team's sheer workload, for starters. The FRS, which is part of the DFA's Office of Accounting, has the responsibility to assemble information it receives from 14 other state

departments, compile them, review them, and then assemble all of them into consolidated financial statements.

That same group is also tasked with answering questions from the Arkansas Legislative Audit, which serves the General Assembly, the Legislative Joint Auditing Committee, and, ultimately, every citizen across the state. Inquiries from Legislative Audit require the FRS team to set aside hours for preparing timely replies to those requests, which often involve tracking down additional workpapers, details, and/or explanations.

It's a sizable weight to carry, even for an organization of 20-25 professionals. Overtime hours can quickly pile up: in this case, to the tune of roughly 2,300 over just a fourth-month period. It was an unsustainable model.



Visualizing a catalyst for change

One key strategy for making a daunting workload a little less so is through automation – digitizing manual, time-consuming, paper-based tasks.

For the FRS team, that meant initiating a process to identify and procure an electronic workpapers system. While the FRS doesn't have audit authority, it does desk reviews that reflect similar procedures that state auditors have adopted.

To make the financial case for automation as clear as possible to IT leadership, the FRS team plotted out the exact processes it has to follow in fulfilling its obligations to its stakeholders. The end result was an exhaustive spreadsheet-style flowchart that, by sheer necessity, omitted repeated tasks – some of which may happen up to 150 times. That visual aid proved to be an effective “show-and-sell” tool, as IT leadership encouraged the FRS team to explore its options for deploying new automation tools to improve efficiency.



Finding comfort in a familiar face

The new FRS team lead had an especially unique perspective on procuring a solution for his team.

As part of a volunteer role in a national organization of government auditing groups, he had conducted peer review audits of approximately 10 states over a twelve-year period. That responsibility provided him the opportunity to get a ground-level view of multiple systems that other states had put into play – some homegrown, some off-the-shelf.

Prior to being appointed to lead FRS, he had also spent 25 years in the Arkansas Legislative Audit group – which now, ironically enough, was one of FRS' most important clients. He had been part of the team that, through a transformation process designed to drive efficiency and cost-effectiveness across state government, had deployed CCH® ProSystem fx® Engagement and CCH® ProSystem fx® Knowledge Coach from Wolters Kluwer at Legislative Audit three years earlier.

Those experiences prompted him to seek an electronic work paper solution for the FRS that could deliver on several key expectations, including:

- **Interoperability**

The FRS team wanted to be able to share electronic binders with colleagues in Legislative Audit without having to worry about time-consuming, expensive hiccups.

- **Flexibility**

An ideal solution would be easy-to-learn, easy-to-master, and allow the team to capitalize on prepopulated templates to get up and running fast.

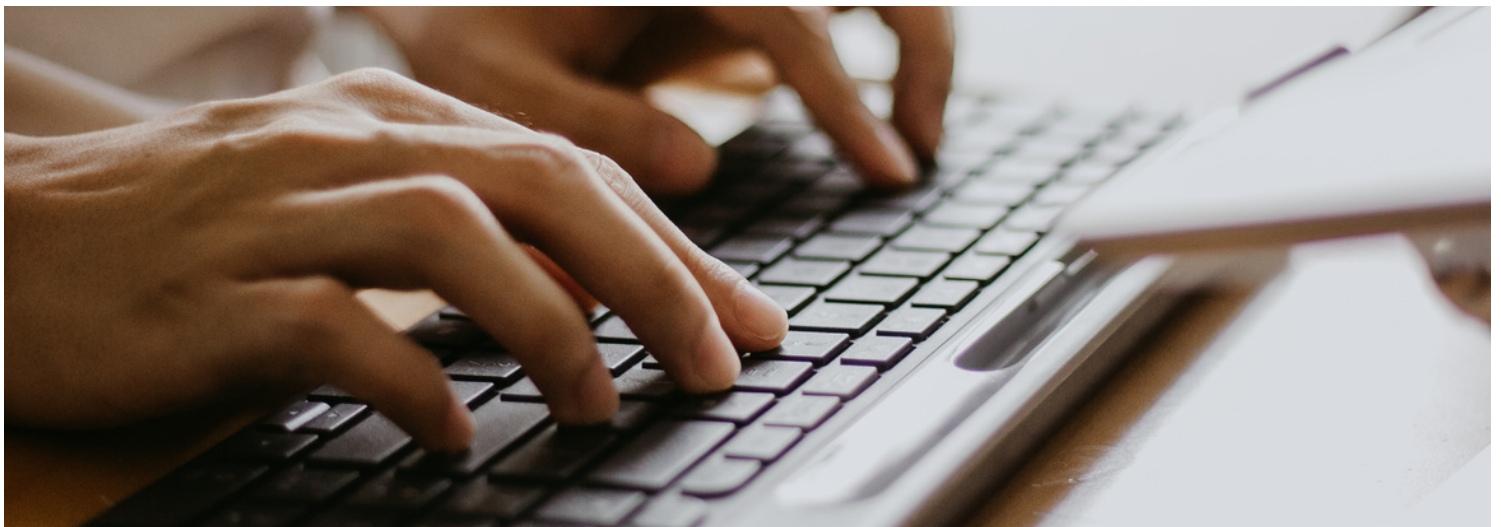
- **Productivity**

A solution that drives efficiency and lets the team cope with the volume faster with no harm to the work quality.

- **Affordability**

The goal of government transformation is to generate greater value for taxpayers, so the FRS team needed a solution that would fit within specific budget constraints to accommodate multiple new technologies the group needed to purchase within the same cycle.

After evaluating the costs and benefits of its potential options, the FRS leadership team found its ideal electronic workpaper solution in CCH® ProSystem fx® Engagement.



Ramping up a new way of working

Here's how the FRS leadership team put CCH® ProSystem fx® Engagement to work in a thoughtful, stepwise fashion:

- **They introduced change by “telegraphing” it**

Change wasn't sprung on the staff in the form of an unpleasant, sudden surprise. Instead, leadership of the FRS gave the team a heads up months in advance that planning for electronic workpaper integration was underway.

- **They carefully considered timing**

To facilitate a smooth transition, leadership purposely avoided introducing the new solution during the team's busiest financial statement prep periods.

- **They provided a sneak peek at new capabilities**

The FRS leadership team provided top-level staff with a preview of

CCH® ProSystem fx® Engagement, enlisting their colleagues in Legislative Audit to provide a demo of its key features and answer questions about its everyday use. Then they followed that up with a full-staff presentation from representatives of Wolters Kluwer.

- **They kept expectations realistic**

Apprehension is a near-constant companion of systemic change – and leadership of the FRS fully expected they'd have to be ready to answer questions and allay staff concerns before and during implementation. (In short, they didn't expect 100% of the team to be 100% happy with the new solution right from the get-go.)

- **They preconfigured templates**

The FRS implementation team indexed work papers to set up binders with the individual commissions and boards as “clients” and linked checklists into the binders. Those two small decisions paid huge dividends in encouraging adoption and reducing uncertainty among staff.



Seeing – and seizing – early successes

The FRS leadership team chose CCH® ProSystem fx® Engagement to help them get more done in less time, helping them fulfill their responsibility both to their own staff members (to reduce overtime) and to their fellow state government clients (to maximize the effectiveness of government transformation).

Within just a few months of initial implementation, key metrics are already trending the right way:

- One of the team leads reviewed four small closing books in just four hours, representing a 75% time savings from the exact same task in 2021.
- Since it doesn't have to re-index documents nor print for archiving, the team is on track to realize a 5% productivity gain within just the first six months – the equivalent of 40 hours a week of time, or, essentially, gaining another full-time employee (FTE).
- Leadership of the FSR team believes it can eliminate most staff overtime by the second year of implementation, leading to a happier staff and a competitive advantage in recruiting new team members.
- Freeing up staff time perfectly positions the team to achieve broader, longer-term goals, like implementing new accounting standards and taking on automation of long (i.e., 200-page) financial statements.

If those trends continue, the FRS team will be well on its way to helping the Arkansas Department of Finance and Administration make good on its charge to transform government. And it'll be well on its way to fulfilling the promise of the first official motto of Arkansas, "The Wonder State."

About CCH® ProSystem fx® Engagement for government organizations

The award-winning trial balance, financial statement preparation and workpaper management solution for accountants that saves time and money. It increases efficiency and productivity for all of the tax, accounting and audit engagements through streamlined processes that enable users to get more done with fewer resources. With CCH® ProSystem fx® Engagement, you will be able to:

- Deliver high quality work with the same (or less) staff by using a centralized audit system to streamline workflows.
- Simultaneously work on an engagement with multiple staff members or collaborate in real-time using the Shared File room environment.
- Save time and money by simplifying your workflow.
- Protect data with flexible security features.
- Create a holistic approach by connecting CCH ProSystem fx Engagement to other applications used by the team, such as accounting research tools.





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