aurigo®

Syncing project accounts and financial accounts for the DOT's success

The U.S. Department of Transportation, also known as the DOT, is the executive federal government agency that plans and coordinates the development and maintenance of all modes of transportation projects. It serves the people of the United States of America through its mission: **"To deliver the world's leading transportation system, serving the American people and economy through the safe, efficient, sustainable, and equitable movement of people and goods."** Under the leadership of the U.S. Secretary of Transportation, Pete Buttigieg, the DOT is solving supply chain problems, strengthening roadway safety, and modernizing transport infrastructure.

The DOT is accomplishing this through 11 sub-agencies, including the Federal Highway Administration, the Federal Aviation Administration, and the Maritime Administration and operates across all modes of transportation to maintain and develop the best transportation infrastructure for the citizens of the U.S.

The DOT spends a fortune on public transportation in order to achieve this. In FY 2022, Congress allocated a whopping $354.83 billion to the DOT for budgetary resources, and this allocation has increased by 134% over the last five years.

The deployment of financial management/ERP solutions becomes indispensable when managing this volume of federal funding within different divisions, particularly in an environment where federal agencies are accountable for every penny spent. However, installing such financial management software is not enough to ensure the timely success of projects.

DOT running the big bucks

As of September 2022, 60% of the total budgetary resources allotted for FY 2022 were already allocated for maintaining and enhancing infrastructure and facilities across land, air, and sea-based transportation systems. These colossal expenditures, totaling $215.5 billion, are spread over multiple sub-agencies and stakeholders.

Once the sub-agencies receive their portion of the federal funding from the DOT, they spend those funds by signing contracts, placing orders, granting awards, or purchasing services. These are called obligations. These obligations are further broken down into individual projects for each sub-agency. With the cashflow streaming down from the national level to the federal level, then to the state or local level, managing and tracking these expenditures and the work progress becomes very complex.

Complexities that the DOT and large capital project owners face when streamlining their finances

Federal agencies and many large organizations use ERP software solutions to modernize their financial operations because of the obvious benefits. The financial management platforms serve as a single source of truth for all financial data, data centralization, and the standardization of workflows. However, these product suites still fail to cut the Gordian knot for the project owners who are responsible for the timely delivery of projects within planned budgets. Here's why:

Accountability being held back

The money allocated to the DOT, or any federal agency, is public money. This means that every penny spent is accountable to the nation and all spending must be traceable. Although a ERP solution does improve the accuracy and reporting of data concerning accounts payable, accounts receivable, expense management, and the like, it does not provide a minute level detail about different cost aspects and cannot link them to individual activities at the ground level.

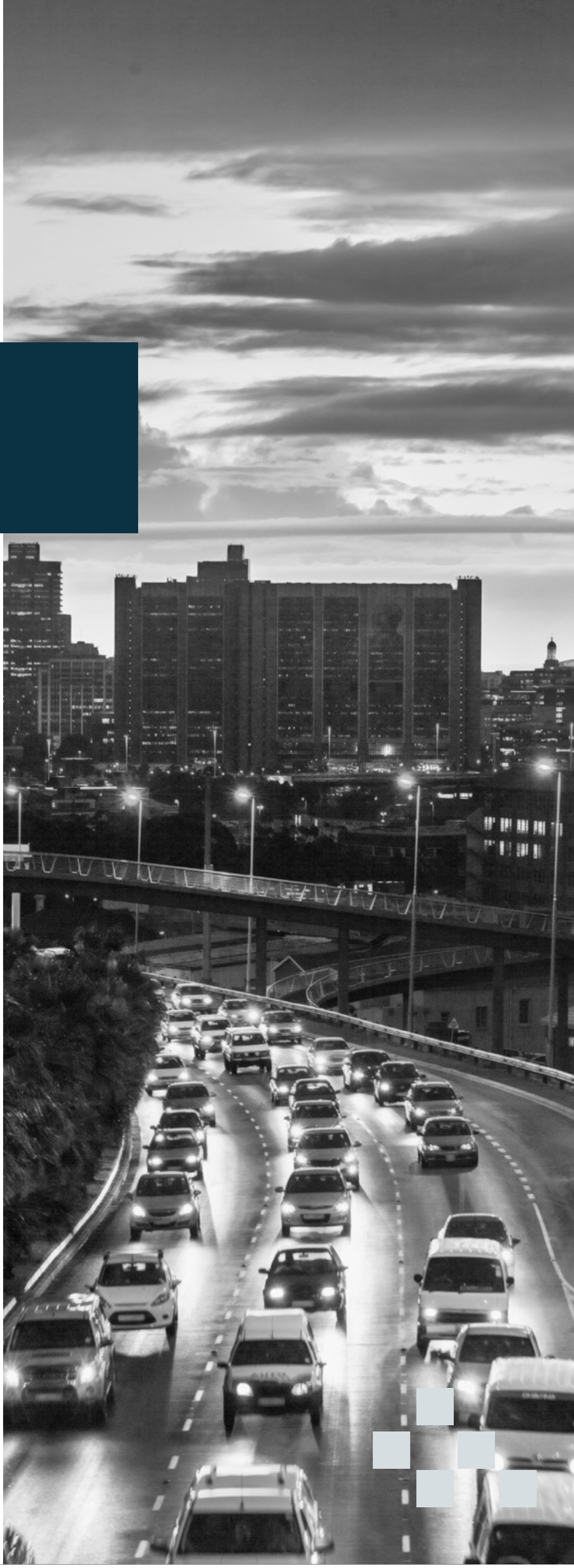
Lost cross-functional collaboration

These financial management solutions generally have inflexible structures. While they are adequate for the financial function, they have limited capabilities for coordinating the people and processes working across different functional areas. The ERP solutions may even hinder the project controls team. Project managers may know the available budgets through the ERP interface, but not have the tools to plan the spending of the allocated budgets.

Ambiguity of real-time scenarios

Not all the information in ERP finance solutions can present the on-site, real-time scenarios. It fails to serve as the central nervous system that can update project managers with the percentages of work completed. For example, the accounts payable update may provide a picture of how much money has been spent on a project, but it will never give real-time information on how much of the on-site physical activity has been completed.

Why marry financial data with project management?



The development and maintenance work that the DOT manages, such as building and maintaining the network of bridges, tunnels, roads, and highways, is performed in collaboration with a variety of stakeholders. Bidders, contractors, engineers, site administrators, and project owners need access to specific and relevant information to ensure timely and monetarily successful project completions. For this reason, integrating financial data with a project management platform is essential.

Managing mega-development projects that scale across cities, states, and countries without a holistic project management tool is like having one leg running while the other is walking. However, a comprehensive project management solution that seamlessly integrates with a financial management/ERP solution becomes indispensable. This is especially true for project owners who collaborate with multiple stakeholders, so they can share information, have clear lines of communication, better organize activities, and keep track of resources and budgets.

There is no doubt that project management solutions can make projects run smoothly, but if they are not integrated with real-time financial statistics, they cannot ensure that the projects are running at their highest capacities. Project managers begin the evaluation of project performance as soon as the projects receive funding, which also denotes the initiation of cash flow. These days, project managers also act as cost managers, which has a number of benefits for controlling projects. They do so in order to:

Lessen the possibilities of budget overruns
Project owners keep a check on the spending within projects by allocating costs for every activity and sub-activity during the planning phases.

Minimize risk
Project owners can avoid unforeseen costs because they understand the areas where risk allowances are needed.

Optimize resources
Budget forecasting and cost reports help project owners to operate with optimal resource utilization.

While project owners aim to run projects in sync with funding and planned budgets to ensure profitability, the tools they are able to access can become hurdles when managing the costs of their projects! **"Organizations that have low maturity on project management technology lose the budget from failed projects 42% of the time"** (PMI, 2019). Project owners need a project management platform that can be tailored to their specific requirements. In order for them to manage project costs, the project management tool should be versatile enough to cater to the demands of budget management and time tracking and also provide access to detailed reports and analytics. At a high level, such a solution can help improve an agency's Capital Improvement Program (CIP), which is otherwise a very tedious and inefficient process that is typically completed using spreadsheets.

The perks of having financial data unified with project management

Once the financial and project management solutions are integrated, capital program owners are empowered to plan, build, and manage large capital assets, infrastructures, and facilities efficiently, with reduced costs. Such integrations happen over three touch points between the project owners and financial teams: (1) incoming finances (funding received and budget estimation), (2) finance utilization (contracts awarded), and (3) finance consumption (invoicing). Data integration across these three touch points can benefit project owners throughout the project lifecycles in the following ways.

Availability of handy data

Different teams, both internal and external, can have access to relevant information through the same platform. A corporate executive of the agency can know the status of the utilized amounts from the funds granted when creating reports for the general public down to the lowest level possible, perhaps needing only the details of the invoices pertaining to the project design. A bidder can check the status of the submitted bids to plan the readiness of resources. A contractor can create a report of itemized expenses based on the fraction of work completed. A project owner can look at the available budget from the funds granted and allocate a new budget for upcoming construction work.

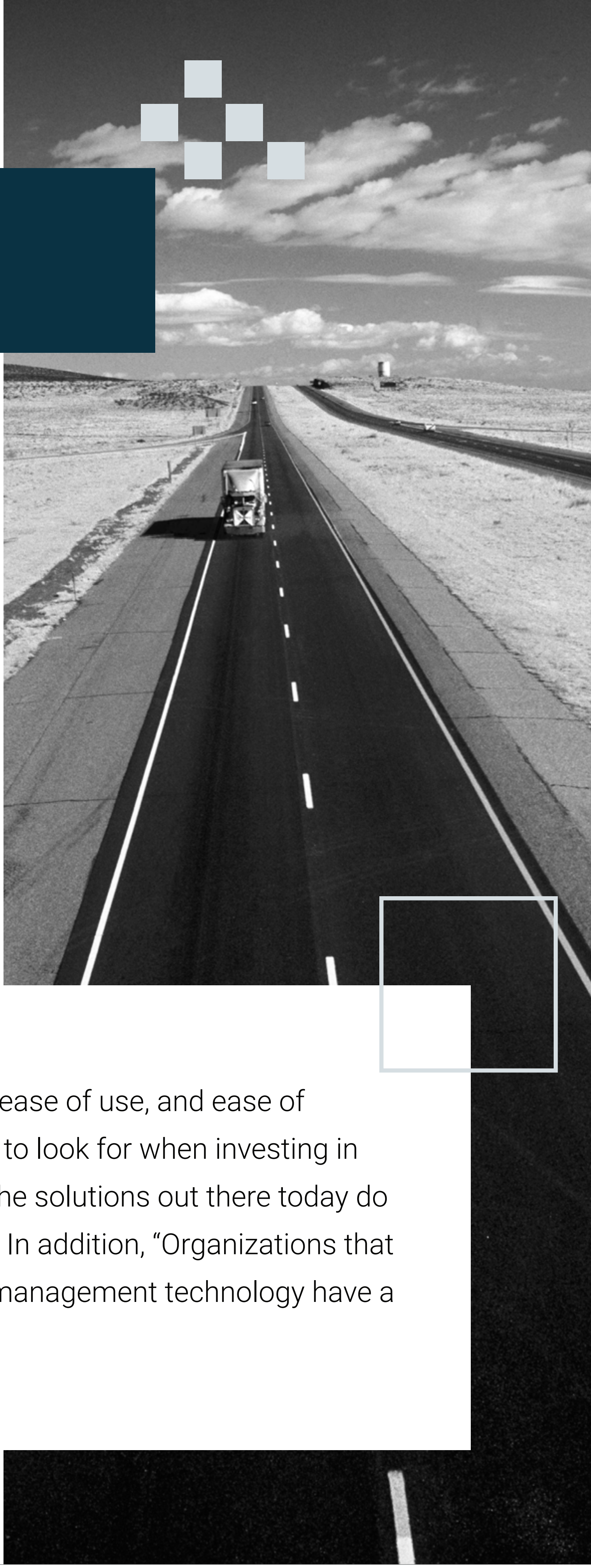
All stakeholders are brought to the same table

The cloud-based, integrated solution enables different stakeholders to have access to real-time and accurate information at any stage. Any authorized person at any location can access the required information through an internet-enabled device.

Seamless cross-finctional collaboration

The availability of actual data smoothens the functioning of different teams. For instance, a project manager executing construction work does not need to meet with the finance team to request additional budgets. A request for an extra budget through the project management system will direct the request from the finance team to the budget owner without any delay.

The current scenario of the project management function



A lot of teams across large capital projects struggle to prioritize, plan, and manage successful CIP. Some of these struggles include working with outdated systems, Excel spreadsheets, and manual tools that are cumbersome, unreliable, and prone to error. These disjointed systems and manual processes slow down the capital planning processes.

The use of disparate legacy systems leads to excessive maintenance costs and compatibility issues with new technologies. These systems are clunky and difficult to use, and ultimately do not empower business owners to plan and build confidently. Existing legacy systems are also highly vulnerable and often represent huge security risks.

> "73% of businesses believe that reliability, ease of use, and ease of integration are the top three requirements to look for when investing in digital PM software, yet they believe that the solutions out there today do not have these three factors" (Hive, 2020). In addition, "Organizations that do not leverage or have outdated project management technology have a project failure rate of 18%" (PMI, 2019).

Aurigo Masterworks to project owners' rescue

The **cloud-based Aurigo Masterworks** software allows federal and private project owners to collaborate, accelerate projects, and work from anywhere. Project management functions can manage different business processes, maintain project schedules, coordinate across departments/functions, enhance visibility of project status, and provide controls for effective projects. It can be **configured quickly** and is **easy to use**. Any defined user can access the system through a **web-based portal**.

The perks of using Aurigo Masterworks:

Construction managers become empowered to achieve end-to-end construction management, including contract setups, progress tracking, pay estimates, document management, change management, and contract closeouts.

Business process automation increases efficient communication across stakeholders through automatic notifications.

Out-of-the-box reports provide deep insights into multiple processes and are supported by dashboards that display visually informative data. Additionally, the ad hoc reporting tool allows for the creation of tailored reports from any data available in the system.

The secure cloud-based application means no on-premises servers or maintenance issues.

If you would like to realize these benefits across your project management, connect with an expert here.

About Aurigo Software

Aurigo builds software that helps build the world. Aurigo is an AI-native company that helps capital owners connect planning, construction, and operations in a single environment, improving decision-making and execution. Trusted by over 300 organizations across infrastructure and facilities, Aurigo manages more than $450 billion in capital programs, with over 40,000 projects throughout North America. Aurigo is a privately held U.S. corporation headquartered in Austin, Texas, with global offices in Canada, South Africa, and India.

Learn more at www.aurigo.com

Schedule a demo

Schedule your demo today to learn how Aurigo Masterworks can help your organization streamline information, accurately track, forecast, and prioritize projects and help you save time and money.

aurigo®

Aurigo Software Technologies Inc.
Austin, Texas

sales@aurigo.com | (512) 640-3377

aurigo.com