

Report on Shared Services

Department: Inspector General

Secretary: Elizabeth Smith

The purpose of this report is an analysis and action plan for shared services, that is staff or support services shared across the entities within the Cabinet Department. This analysis will assist in the formulation of the plan for this report to the Governor on how to achieve greater efficiency (including cost savings) and effectiveness as it relates to this topic. This work should take into consideration the state of the Department as a whole and the state of each constituent agency, board, and commission.

| Questions | Responses |
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| <p>1. After a thorough analysis of shared services within your department, identify all opportunities for more efficient and effective delivery of services and for cost savings.</p> <p>Consider short-term, mid-term, and long-term opportunities.</p> | <p><u>Opportunity #1 Centralizing of Department Administration</u>: Administrative services for the Fair Housing Commission (AFHC) and the Office of Internal Audit (OIA) were performed by the Department of Finance and Administration (DFA) in the past. That workload will consolidate with the existing workload of the Office of Medicaid Inspector General (OMIG) within the new Department of Inspector General. An analysis of the volume of activity by these entities revealed that the Department of Inspector General’s Chief Fiscal Officer can perform these duties without additional resources. These functions include: Budgeting, Purchasing, Accounts Payable, Revenue enhancement, Financial Reporting, Asset Control, Personnel Management, Information Technology Management, and Fleet Management.</p> <p>The department has identified several opportunities to create consolidation of tasks grouped into high level “services.” These services are listed below and are categorized in the context of an implementation timeline. The timeline is discussed in the answer to question number five.</p> <p>Short-term:</p> <ol style="list-style-type: none"> 1. <u>Budgeting</u> – A consolidated budget will allow for sharing of resources. For example, the costs for a legal service professional can be used for both Medicaid and Fair Housing cases, as long as the cost is appropriately allocated. This is estimated to result in \$40,000 per year of avoided costs due to increased resource utilization. 2. <u>Account Payables & Procurement</u> – Centralization of payables ensures greater control of department expenditures. Relief to DFA by the department’s |

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| | <p>absorption of this cost is estimated to result in \$1,500 - \$2,000 of savings per year.</p> <ol style="list-style-type: none"> 3. <u>Revenue Enhancement</u> – AFHC currently hosts periodic events across the state where fees are paid by participants to receive training. If the department also offered Medicaid educational courses to Medicaid Providers in exchange for fees at the same event, additional revenue would flow to the department cash fund while the expense of the event would be shared between AFHC and OMIG. Initial estimates range from \$1,000 - \$2,000 per year for spending offsets. 4. <u>Fleet Management</u> – The consolidation of fleet management which includes data entry into SAVA, vehicle log administration, and fuel card reconciliation, is estimated to reduce clerical costs by approximately \$500 per year. In addition, we have identified an immediate \$3,300 in savings by relocating state vehicles to a central location. <p>Mid-term:</p> <ol style="list-style-type: none"> 5. <u>Personnel Management</u> – Centralizing the personnel administrative services will increase the expertise of the responsible party resulting in quicker turnaround for employee requests. <p>Long-term:</p> <ol style="list-style-type: none"> 6. <u>Information Technology Management</u> – Centralizing the provision of IT services will increase sharing of resources, standardization of solutions, and knowledge transfer. 7. <u>Financial Reporting</u> – Consolidating the financial reporting between AFHC and OMIG will increase department expertise resulting in less support needed from DFA. 8. <u>Asset Control</u> – Consolidating the entities will create the ability to re-purpose assets, consolidate shared devices and move un-needed assets to M&R more quickly. <p>Centralization of these activities will result in continued increased efficiency for processing administrative tasks for the department going forward. Lastly, the extended span of budgetary control will allow greater control on spending and will increase asset utilization.</p> |

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| | <p><u>Opportunity #2 – Workflow Automation:</u> Workflow automation is the development of processes which capture requests for products and services, classifies and categorizes the requests for later analysis, routes to the appropriate approval groups and queues to the appropriate workgroup for fulfillment. The expectation is that this automation will take advantage of the latest enterprise software rollout for programming these workflows resulting in less overhead activities undertaken by employees. Furthermore, the use of workflow automation for program activities will greatly increase the accuracy of the work while also providing automated report generation for federal and state stakeholders.</p> |
| <p>2. Develop a plan to implement the efficiency opportunities identified above.</p> <p>What are the key elements and action steps of your plan?</p> | <p><u>Opportunity #1</u> - The CFO will be responsible for centralizing department administration services that will enable the department to execute the administrative functions in the most effective and efficient method possible, while maintaining the required system of internal control.</p> <p>Required steps to implement these consolidations include the following:</p> <ol style="list-style-type: none"> 1. Assign appropriate authorizations to required tools to those performing the required services. 2. Train appropriate personnel. 3. Create policy and procedures for each identified service, if needed. 4. Rerouting the input stream from the shared services component of DFA to the appropriate Inspector General administrator. 5. Monitor for disruptions. <p><u>Opportunity #2</u> - The overall responsibility for developing a plan for automation and the application of developed tools will be a joint responsibility between the CFO, CIO, and each program director.</p> <p>The following steps will be required for automation of workflow:</p> <ol style="list-style-type: none"> 1. Implementation of new software tools already scheduled to be in place within the 2nd quarter of SFY20. 2. Research and demonstration of examples for workflow automation. |

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| | <ol style="list-style-type: none"> 3. Identification of automated workflow opportunities. 4. Programming of new rules to be implemented within tools. 5. Testing of the solutions. 6. Switchover to new automated processes by introduction of new input rules and sunset of old manual processes. |
| <p>3. Identify any obstacles to the implementation and success of this plan.</p> | <p><u>Opportunity #1</u> - Obstacles include the learning curve required for the party responsible for the shared service. With a limited number of administrative staff, a personnel plan must be developed to ensure that turnover in positions providing the service does not interrupt the continuity of the service to the department.</p> <p>The department is currently physically located in three different buildings leading to an inability to share common areas or common resources. Eventual central location of all personnel will alleviate these challenges.</p> <p>Processing expenditures for the department is still built upon a model of three different agencies instead of a single department. The agencies are built upon restricted funds. Because the three agencies are tied to different business areas in AASIS, multiple warrants must be processed when paying an invoice that must be allocated department wide. This obstacle will remain until future changes are made in AASIS to link all applicable funds to a single business area.</p> <p><u>Opportunity #2</u> – The primary obstacles to workflow automation is the identification and use of skilled resources that can code the workflow rules within a workflow tool and the utilization of a skilled project manager who can drive the opportunities.</p> |
| <p>4. Are there any anticipated costs associated with the plan?</p> | <p><u>Opportunity #1</u> - The costs of implementation will be funded by the existing budgets.</p> <p><u>Opportunity #2</u> – Existing software tools will be utilized for automation of current manual processes. There will be costs associated for the use of skilled resources to program the required rules and forms. That skillset will likely be developed by current department personnel but training cost will be spent to get those current personnel to the required skill level.</p> |

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| <p>5. What is the detailed implementation timeline for this plan?</p> <p>How will you track your progress?</p> | <p><u>Opportunity #1</u> - A timeline has been established for the implementation of procedures to establish shared administrative services. Short-term services of Budgeting, Accounts Payable/Procurement, Fleet Management and Revenue posting are to be fully implemented within the first quarter of fiscal year 2020. Mid-term services of Personnel activities are targeted to be consolidated within the second quarter of fiscal year 2020, and long-term services of Information Technology, Financial Reporting and Asset Control will be consolidated by the end of the fiscal year of 2020.</p> <p>Progress will be tracked by the CFO to determine timeliness of executing transactions, unanticipated difficulties resulting from additional workload, and changes needed to business processes to ensure effective execution of services. This progress will be communicated to the TAT leader who will correspondingly summarize the data into a monthly overall transformation report to the department secretary.</p> <p><u>Opportunity #2</u> – The automation of manual processes will be continual through the updating of automated processes and development of others. The progress of the opportunity, though, will be demonstrated in the required quarterly and annual reports to the appropriate state and federal authorities by the increased output form each automated process.</p> |
| <p>6. How will you measure the success and results of your plan? Include detailed forecasts of cost savings, efficiencies achieved, etc.</p> | <p><u>Opportunity #1</u> - Success will be measured by meeting the implementation of newly developed business processes as noted in #5. The transfer of the AFHC and the OIA did not result in transferring additional administrative staff to the department. The consolidation of administrative activities was a transfer of those functions from DFA, who performed those services prior to the government transformation, to existing Inspector General personnel. As such, efficiencies will be built as expertise is developed among department personnel for services that were identified for the department while the services will be customized for the unique needs of the department. Additionally, communication between the department administrators and department staff will be more effective than previous communications between multiple distinct agencies.</p> |

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| | Opportunity #2 –Success will be demonstrated via increased output with a corresponding decrease in cost. Furthermore, there will be a corresponding improvement in accuracy, turnaround time and record retention. |
| 7. How could the Department of Transformation and Shared Services provide support to the Department? | There will be required skill sets that will be needed for the implementation of process automation. While it is true that the department can hire or train existing personnel on how to program the workflow automation tools, having shared resources skilled in programming the already existing tools that can be shared across all departments will increase efficiency. |

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