



2018 BREAKFAST SEMINAR SERIES

Fiscal Accountability – Financial Management and Shared Services

Thursday May 24, 2018 - Washington DC





President's Management Agenda

CAP Goal #5 – Sharing Quality Services

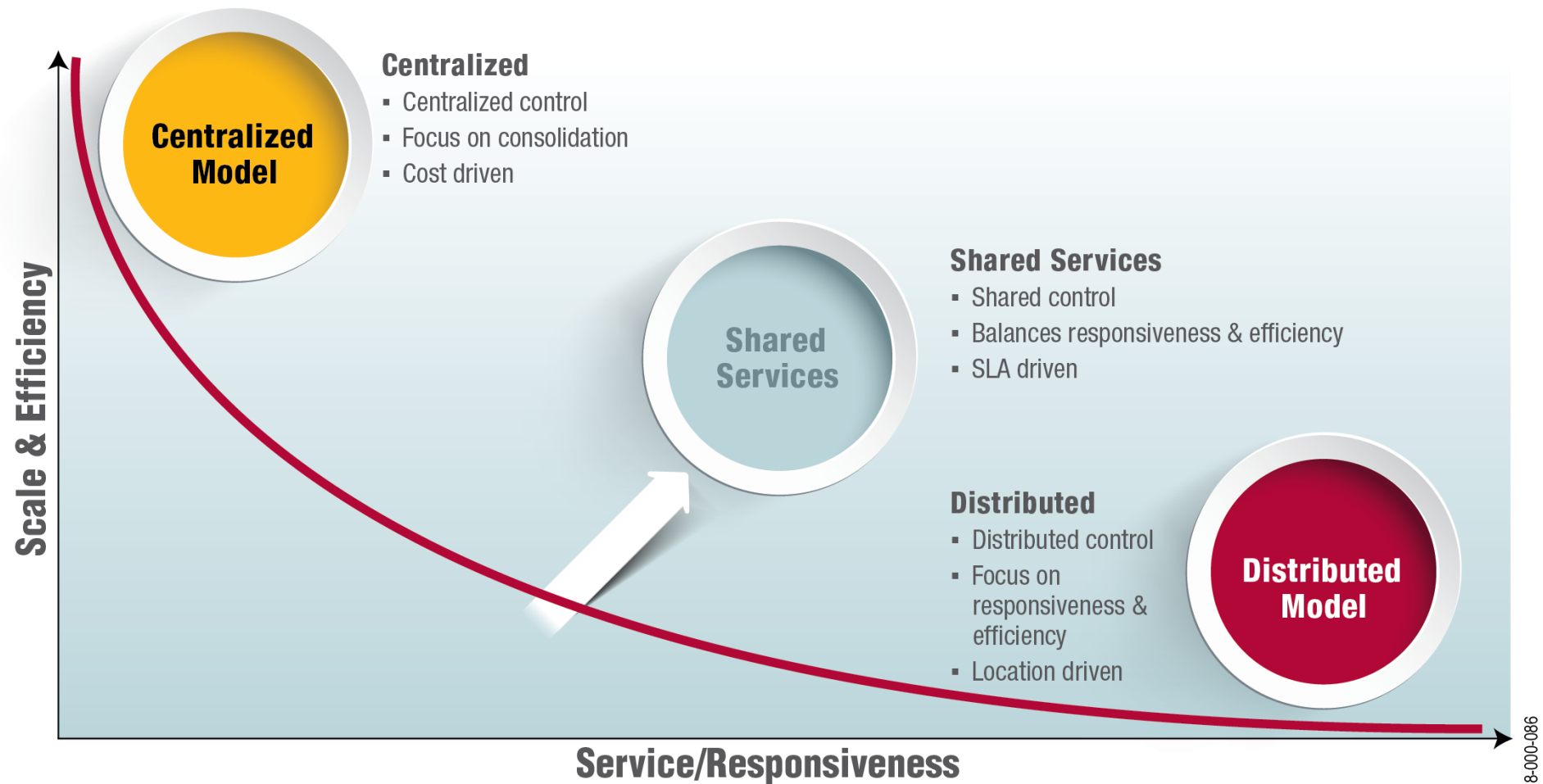


Establish a strategic government-wide framework for improving the effectiveness and efficiency of administrative services by 2020 that leads to continual improvements in performance, operational **cost savings of 20% annually** once at scale or an estimated **\$2B over 10 years**, and **improved customer experience**.



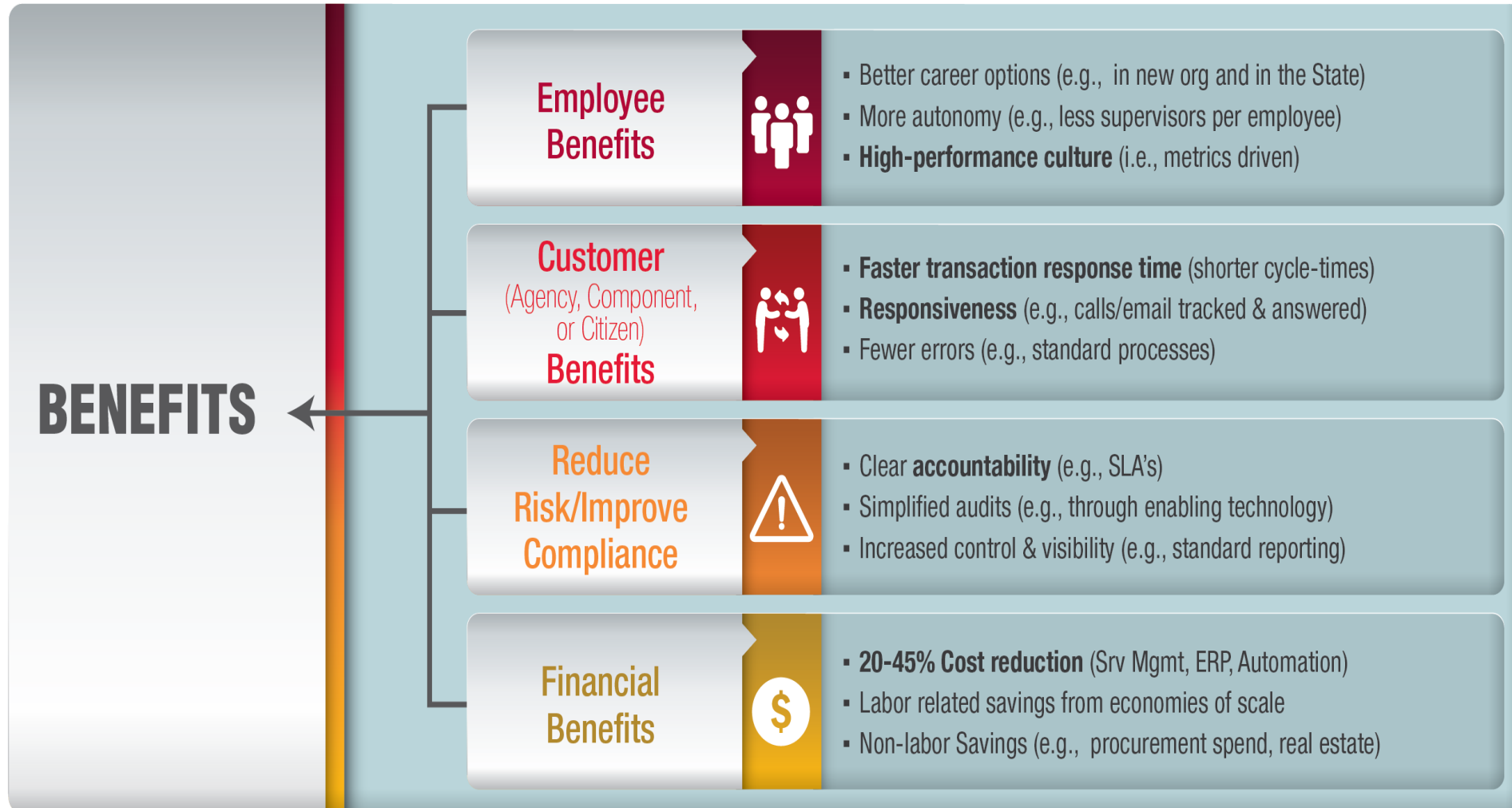
What is Shared Services?

Shared Services is providing a service by one part of an organization or group, where that service had previously been operated, in more than one part of the organization or group.



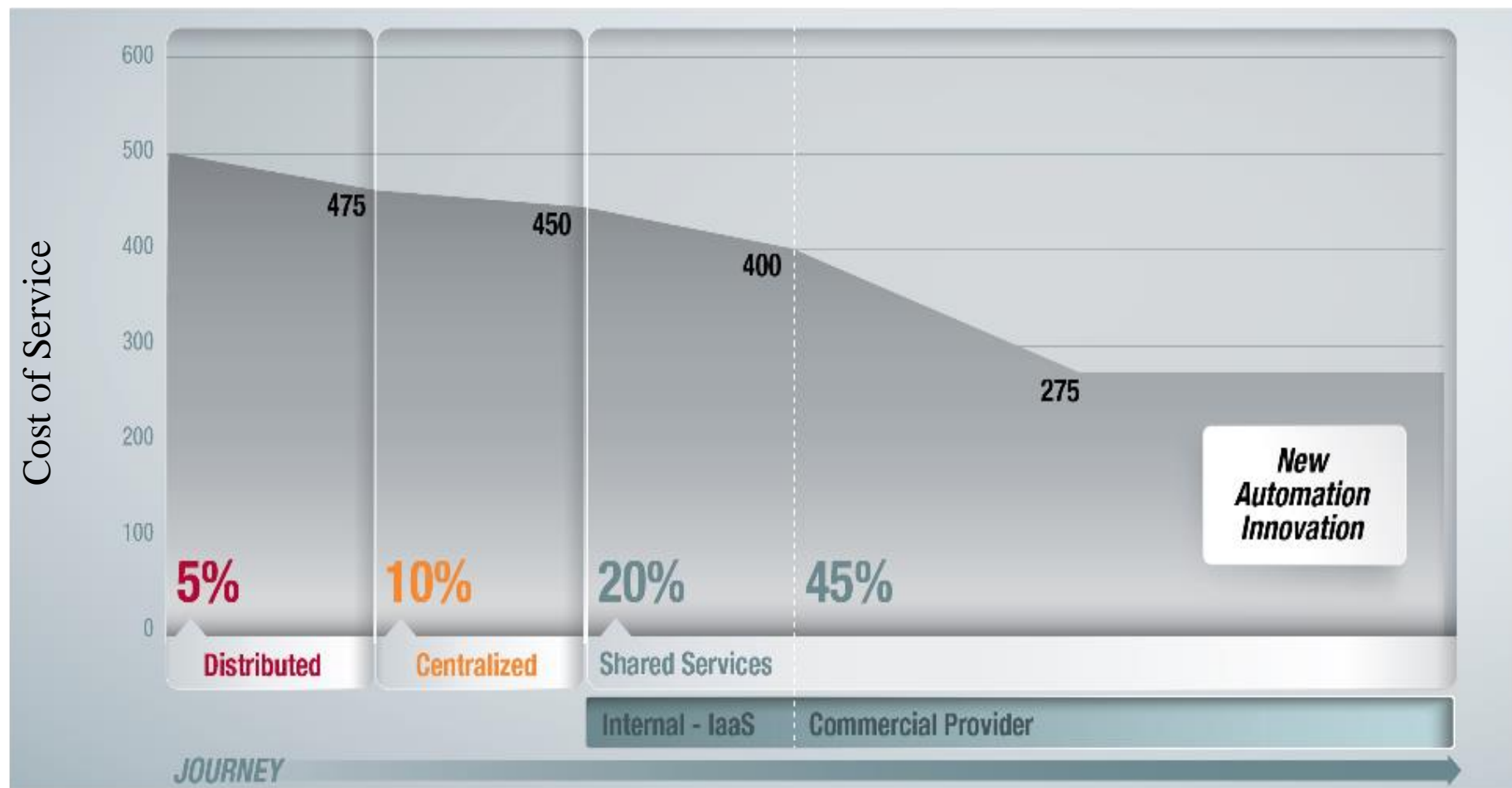


Why Shared Services? Expected Benefits





Commercial Case Study – Finance & Accounting, HR, Procurement





Shared Services: 7 Must have Core Capabilities



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Department of Justice Enterprise Financials Journey





DOJ Financial Systems – Past

- Prior to consolidation, DOJ operated 7 separate financial systems (none were UFMS).
- DOJ implemented an operational pilot for the JMD/Asset Forfeiture Program (AFP) to validate cradle to grave functionality of UFMS.
- By FY 2014 DOJ operated 3 financial systems (UFMS, FMIS2, SAP).
 - UFMS operated by the Justice Management Division (JMD) and the FBI served more than 7,000 users as the financial system of record for FBI, DEA, ATF, U.S. Marshals, and the Asset Forfeiture Program.
 - FMIS2 operated by JMD, servicing the Offices, Boards and Divisions (OBDs), the Office of Justice Programs (OJP), and the Federal Bureau of Prisons (BOP) as the system of record.
 - Federal Prison Industries operated SAP as the system of record.
- **As of October 2017, the United States Attorneys (USA), Civil Division (CIV), Civil Rights Division (CRT), Criminal Division (CRM), Environment and Natural Resources Division (ENRD), INTERPOL Washington (IPOL), Tax Division (TAX), Office of the Solicitor General (OSG), and Office of Legal Counsel (OLC) are scheduled to Go-Live on UFMS with an additional 1,400 users on the system.**
 - Brings a total number of users on UFMS to more than 8,500.

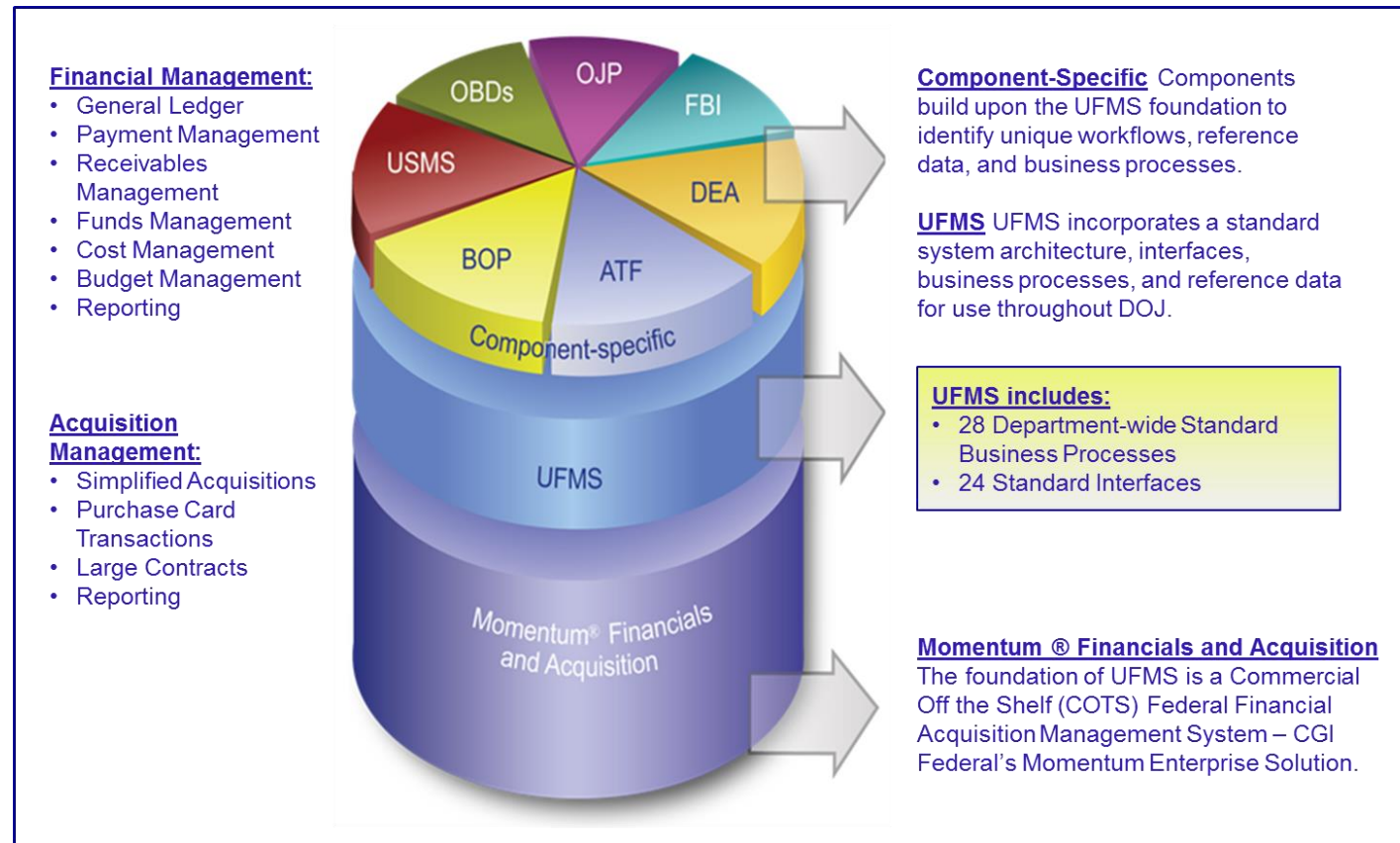


DOJ Financial Systems – Future

- Future
 - DOJ will operate 2 financial systems.
 - UFMS as the Enterprise financial system of record for the Department of Justice.
 - Federal Prison Industries will continue to use SAP as the system of record.
 - DOJ will continue to standardize and develop system efficiencies.



UFMS Application Design





Internal Shared Service Model

Evolution vs. Leadership Decision

- For DOJ the journey to becoming an internal shared service provider was more about a process of evolution than an affirmative management decision.
- From the inception of our UFMS Program the principle focus was on system implementation, to get users onto the system. In the early days the idea of consolidated operations was an afterthought.
- What the implementation lacked in terms of operational planning it made up for in Program governance and communication which provided a foundation upon which we built our service provider model.
- We've built our organization around four central tenants:
 - Program Governance
 - Customer Communication
 - Service Delivery
 - Hardware/Software Modernization



Program Governance

- DOJ Utilizes a Tiered Approach to Program Governance
- Weekly Functional and Technical Review Boards
 - Direct interaction with the UFMS user community to address system defects, enhancement requests, tactical upgrade planning, and service delivery questions/issues.
- Monthly Business Operations Counsel
 - Component DCFO level meeting with Departmental system owners to address business process and policy issues that crosscut the UFMS user community.
- Quarterly Executive Board
 - Departmental CFO, in conjunction with component CFOs, establish the strategic direction for the UFMS Program.
- Bi-Annual Working Capital Fund Board of Directors
 - Departmental CFO, in conjunction with component CFOs, establish the annual rates and cost recovery model for the UFMS Program



Customer Communication

- Weekly meetings with customers
 - Through our Functional and Technical Review Boards we engage with our users on a weekly basis to understand their issues and pain points as well as advise them on expected timelines for fixes to address their issues.
- Quarterly Executive Touchpoint Meetings
 - Meetings between Department Leadership and Component CFO's discuss overall performance of the UFMS team. Discuss areas of concern or emphasis that the Component would like to see improvements made.



Service Delivery

- Service Level Agreements (SLAs)
 - Critical to setting expectations between the customer and provider.
- On-Site Support
 - We have learned through our implementation experience that is critically important to provide on-site support for the first six to twelve months after a customer implements UFMS.
- System Availability
 - Building fault tolerance and redundancy into our application so that we can maintain 99.9% availability during core business hours.
- Recurring Training
 - Quarterly system focused training for new users and remedial training for existing users.
- Desk Reference Guides
 - Step-by-Step guides to process transactions in UFMS



Hardware/Software Modernization

- Annual Software Upgrades
 - The benefit of COTS is regular software upgrades but you have to consume those upgrades to see the benefits. DOJ has built annual upgrades into its cost of operations so end users see new functionality on a regular basis.
- Avoid Software Customization
 - To support our ability to upgrade on an annual basis we avoid customization of the core Momentum software.



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Department of State's International Cooperative Administrative Support Services





Department of State by the Numbers

- Over \$100 billion in assets, including real property assets of \$26 billion and \$71 billion in budgetary resources
- Total Budgetary Position of \$36.1 billion
- \$8.8 billion in Earned Revenue
- Pay more than 100,000 Foreign and Civil Service Staff, local employees overseas, and Foreign Service Annuitants
- 21 million passports issued in 2017
- Financial staff in over 270 embassies and consulates located in more than 180 countries
- Clean/Unmodified opinion on the Department's FY 2017 Financial Statements

In short, few entities, either public or private, have the depth and variety of fiscal activities the Department conducts daily.

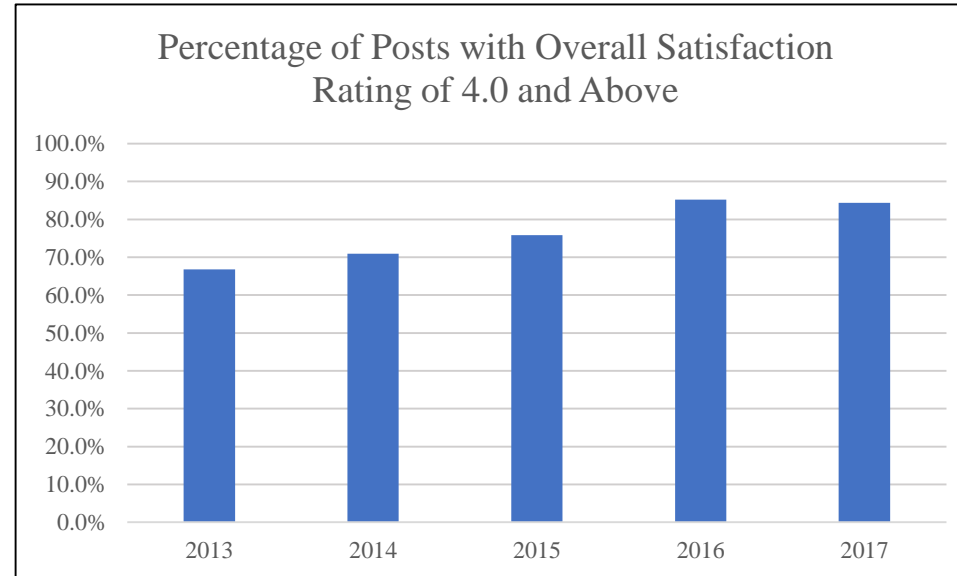


ICASS Purpose and Guiding Principles

- Provide shared administrative support services at more than 250 diplomatic and consular posts overseas to 45 Federal entities
- ICASS seeks to provide quality services at the lowest cost, while ensuring that each agency bears the cost of its presence overseas
- ICASS is a break-even system; the charge to the customer agencies equals the cost of services
- In FY2017, more than 300 billing entities obtained administrative support services through ICASS valued at more than \$3.41 billion
- Financial management services (including payroll) are provided through the Bureau of the Comptroller and Global Financial Services (CGFS)



ICASS Annual Customer Satisfaction Survey Results

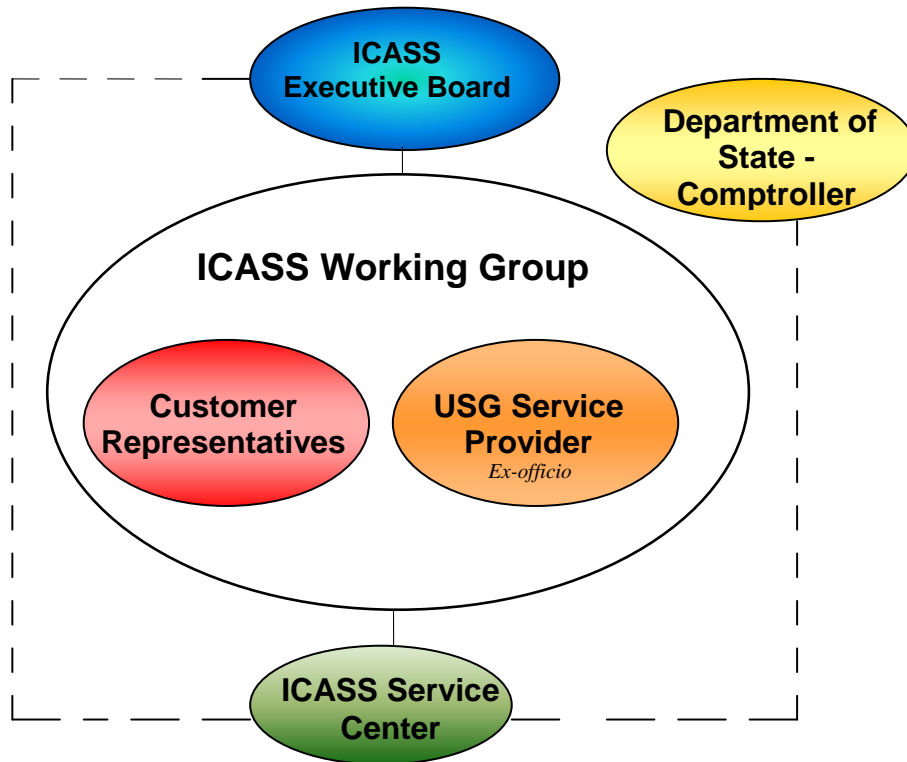


- ICASS provides 29 services worldwide
- 28 services are rate at 4 or above (on a 1 to 5 scale) with only one service rated at 3.9

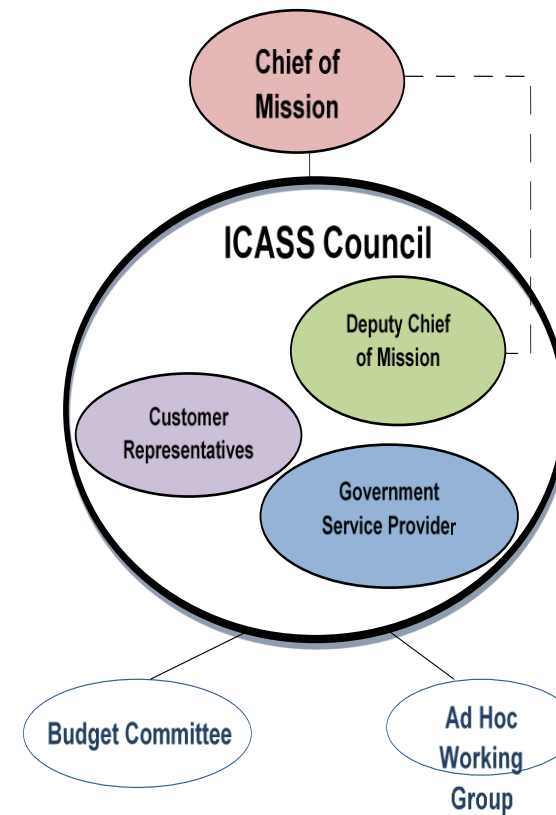


ICASS Governance

Department Level



Post Level





CGFS by the Numbers

- CGFS is headquartered in Washington, DC, with two integrated financial service centers located in Charleston, SC and Bangkok, Thailand, and support offices in Paris, France, Manila, Philippines, and Sofia, Bulgaria
- Accounts and reports on over 525 funds
- Performs overseas accounting functions for 24 other agencies
- Delegated disbursing authority to make overseas payments in USD and 137 foreign currencies through 235 bank accounts in 178 countries, including \$15.5 billion in EFTs and \$550 million in check payments
- Administers compensation plans for 184 countries in 120 foreign currencies paying over 62,000 locally employed staff
- Manages and monitors 335 cashiers worldwide with \$30 million in cash advances and \$2.2 billion in collections
- Processed 25,000 travel claims for USAID missions world-wide

CGFS is ISO-9001 certified and achieved CMMI Level 2.





Why ISO-9001:2015?

1. Internationally Recognized & Accepted
2. Proven Success in All Business Environments
 - *Both Service and Manufacturing Organizations*
3. Well Defined and Structured Guidelines
 - *Procedural Requirements, Communication, Metrics, etc...*
4. Scalable & Flexible to Accommodate Specific Needs
 - *Deploy Key Elements or the Complete Standard*
5. Certification – 3rd Party Verification
 - *External Validation of Your Business Processes & Practices*





QMS Drivers/Rationale

- Improve Consistency of Service and Product Performance
- Standards across a global financial services organization (Washington, Charleston, Bangkok, Manila, Paris, Sofia)
- Increase Customer Satisfaction Levels
- Enhance Communications, Morale and Job Satisfaction
- Increase Productivity and Efficiency – Reduce Cost and Waste
- Aid in Monitoring/Measuring Progress and Performance
- Instill a Culture of Continuous Improvement
- Support Training and Expansion Efforts (New Employees)





CGFS Overseas Customer Satisfaction Survey

Overall Customer Service Quality: ACSI Benchmark Ratings

	2017	2016	2015
CGFS Overall Satisfaction	86%	88%	85%
Overall Federal Government	68%	64%	64%
Finance and Insurance Sector	77%	75%	75%

- 87% response rate
- CGFS has set its overall performance target for customer satisfaction at 80% (out of 100%) for all services
- Information based on external benchmarks from the American Customer Satisfaction Index (ACSI)
- 13 service areas are measured and surveyed
- Satisfaction scores are tracked at the 6 regional levels – e.g., Europe, Africa, etc.



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Housing and Urban Development (HUD) Migration to a Federal Shared Services Provider (FSSP)





Shared Services Journey

History: Since 2003, HUD has spent more than \$131 million on two projects to replace its core financial systems. In March 2012, HUD cancelled the second project. HUD signed an interagency agreement (IAA) on July 30, 2013, to migrate its financial transactions and systems to ARC

Scope of Services:

- Travel and Relocation 10/14
- Time and Attendance 02/15
- General Ledger 10/15
- Procurement 10/15
- Budget Formulation
- Data Warehousing
- FHA General Ledger
- Ginnie Mae General Ledger
- Grant/Loan Management
- Property Management
- Section 8 Voucher Management
- Managerial Cost Accounting



Impact of Services:

- Improved internal controls
- Increased discipline in financial activities
- Data Quality
- Strengthened funds control process



Shared Services Successes and Challenges

SUCCESSES

- “HUD successfully transitioned many of its core financial management functions to Treasury” GAO-17-283R page 34
- Better Legacy Subledger alignment
- Improved Reporting

CHALLENGES

- Funding
- Oversight Fatigue
- Data Conversion
- Culture



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Promoting Best Practices and Tackling 5 Challenges with Sharing Quality Services





Challenge 1 – Processes, technology, compliance

“Outdated processes, old technology, and a culture of compliance have created a complicated and inflexible administrative environment”.

Do you agree, in what areas, and what recommendations do you have to tackle these issues?



Challenge 2 – Duplicate contracts, people, technology

“Common administrative services such as processing hiring transactions, managing Federal finances, contracts, and payroll costs taxpayers an estimated \$28.6B annually. Rather than economizing by sharing across the Federal government, we duplicate contracts, people, and technology across hundreds of locations.”

The PMA recommends (1) expanding the number and use of common solutions; (2) improving the quality and delivery of shared services; and (3) increasing the availability and use of centralized services.

What can be done to increase efficiency?



Challenge 3 – Low satisfaction

“Fifty-percent of Federal leaders report low satisfaction with administrative support.”

Do you agree, in what areas, and what can be done to improve?



Challenge 4 – Innovation falling behind

“Industry innovation has outpaced Federal capabilities.”

The PMA is promoting leveraging commercial solutions and innovative practices, to include separating technology from services in order to maintain innovation and competition (SaaS).

What are hurdles, benefits, and recommendations to tackle promoting innovation?



Challenge 5 – Benchmarking Federal and industry performance

The PMA will “Benchmark industry performance to identify gaps with Federal performance” beginning in 3Q2018. There is opportunity for performance improvement through Full Service shared services – SaaS and Transaction processing.

What are recommendations to tackle efficiency and Human personnel issues?