

Cross Agency Priority Goal Quarterly Progress Update

Shared Services

Goal Leaders:

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FY2015 Quarter 3

Overview

Goal Statement

- Strategically expand high-quality, high-value shared services to improve performance and efficiency throughout government.

Urgency

- Most Federal agencies have similar administrative functions that require the investment of increasingly scarce resources. Human resources, financial management, and payroll, for example, are common administrative functions that all agencies need, but not all agencies are equally efficient at managing. By creating Shared Service Providers (SSPs), and concentrating the delivery of administrative services within a smaller number of agencies, duplicative efforts and costly systems upgrades can be reduced. Further, by giving this task to agencies with the right expertise, we can free up resources for mission critical activities, reduce risk in systems implementations, and deliver cost-effective support to agencies.
- Shared Services for administrative functions has long been common in the private sector and in other governments but has struggled to get momentum in the U.S. Federal Government. To date, most users of shared services have been small agencies and commissions. Cross-servicing across Cabinet-level departments has not taken place. This reduces the economies of scale for shared service providers and continues a disjointed and redundant approach to federal accounting, HR, acquisitions, etc.
- The passage of the Data Act in FY 2014, with a narrow three year implementation window and specifying the creation and adoption of accounting standards, will be a difficult task for those not using a SSP. Agencies participating in shared service arrangements for financial, procurement, HR, payroll or performance reporting systems will be able adopt the changes more rapidly and at reduced costs. The bill requires both Inspector General (IG) and Government Accountability Office (GAO) review and audit of the adoption of the standards shortly after their issuance. If those standards are adopted first by the shared service providers, customers will benefit from that early adoption both economically and logistically.

Actions (Short Term)

- The Office of Management and Budget (OMB) will establish an organizational structure to manage and oversee current and future administrative shared services.
- This organizational structure will be responsible for working with all stakeholders to:
 - Provide better integrated, more consistent, and sustainable management and oversight across administrative functions and shared service providers;
 - Create and maintain a long term government-wide strategy to balance agency demand and provider supply;
 - Identify opportunities for transparency into shared service provider performance and pricing;
- OMB will explore unique funding solutions to provide access to investment capital necessary for shared service providers to remain viable.

Progress Update – Accomplishments

Actions to Achieve Impact

2015 Completed:

- ✓ Q1: Issued guidance on the process for migrating a large agency to a shared solution, incorporating best practices and lessons learned and incorporating over 180 comments from agencies and industry. This guidance is repeatable and can be leveraged by various lines of business to help agencies choose their provider, undergo gap analysis, and implement shared services using standard methods and practices. (FM)
- ✓ Q1: Published version 1 of the Financial Management Services Catalog, incorporating over 200 comments from agencies and industry. This catalog identifies and defines the mandatory financial management shared services that Federal Shared Service Providers (FSSP) must offer; defines the common outputs generated from these services; and will be used to support the federal government’s move to improve transparency and standards across financial management shared services. (FM)
- ✓ Q2: Released version 2 of the Financial Management Services Catalog, including service level agreement metrics to current customer agencies. (FM)
- ✓ Q2: Provided a forum for agencies to voice common challenges and share best practices in the implementation and management of Federal Time and Attendance (T&A) IT solutions by establishing the government-wide Federal Time and Attendance Group (FedTAG) in coordination with customers from 21 agencies and the federal SSCs. FedTAG advocates on behalf of the federal T&A user community and collaborates with vendors to enhance the federal user experience and improve customer service. (HR)
- ✓ Q2: Shared common lessons learned to drive successful migrations to shared services by publishing a Consolidated HR Migrations Lessons Learned report. The report summarizes lessons learned from five completed agency HRIT migrations from 2009 through April 2015. (HR)
- ✓ Q2: Issued a common customer satisfaction survey across the current community of FSSP customers for comparability and performance measurement in coordination with Phase 2 of the CAP Goal: Benchmarking. (FM)
- ✓ Q3: Completed administrative shared services organizational study with recommendations to be presented in Q4. (FM & HR)
- ✓ Q3: Published OMB Memorandum M-15-19, *Improving Government Efficiency and Savings Taxpayer Dollars Through Electronic Invoicing*, which directs agencies to transition to electronic invoicing for appropriate Federal procurements by the end of FY 2018. (FM)

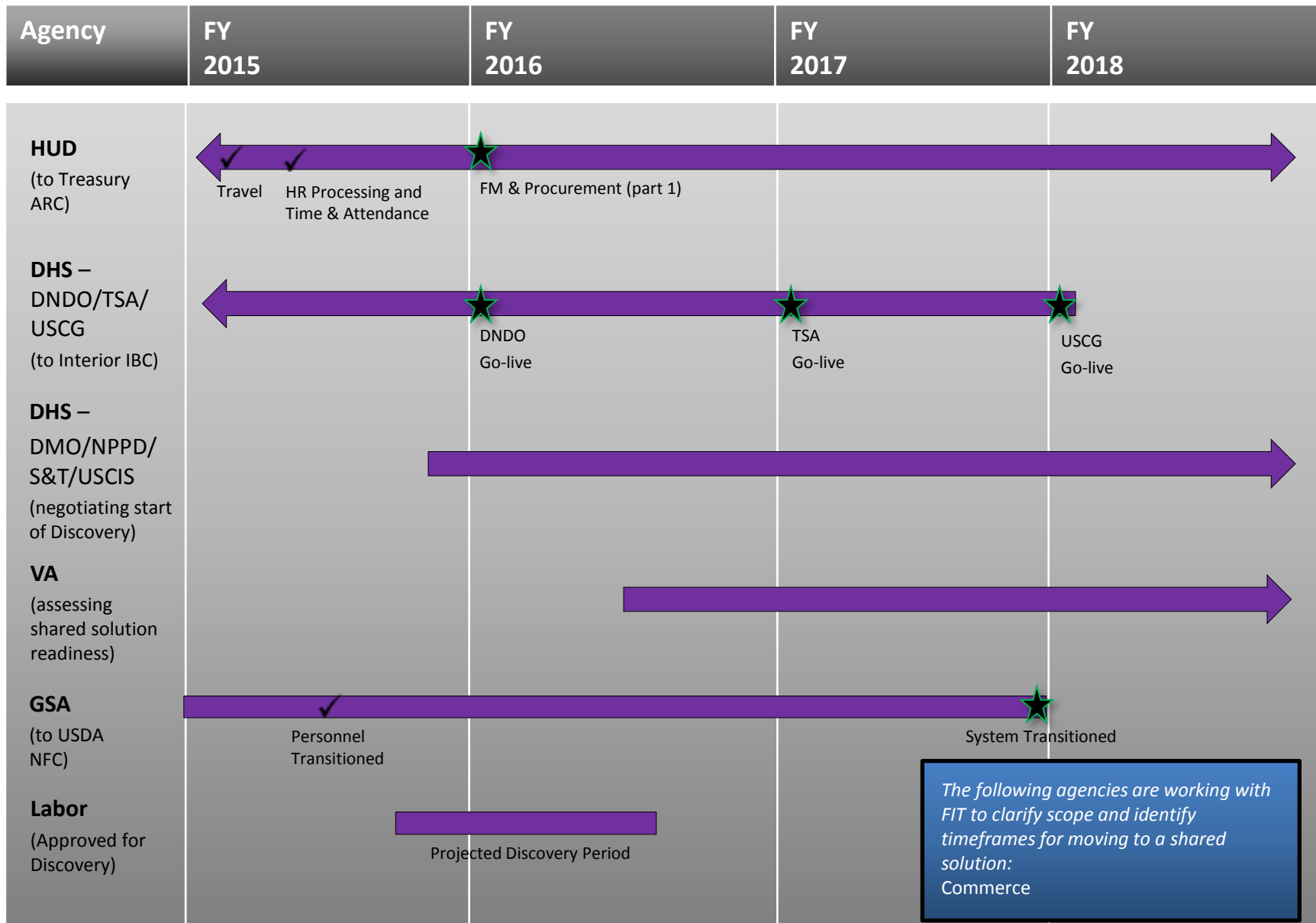
Progress Update – Accomplishments



Actions to Achieve Impact
<p>2015 Completed:</p> <ul style="list-style-type: none">✓ Q3: Published the HR LOB Strategic Framework, which builds on the CHCO Council's Future State Vision for HRIT that seeks to create a common user experience across the federal employee lifecycle using interoperable HR systems and data. The HR LOB Strategic Framework supports the CHCO Council's Future State Vision by enabling the development of an integrated, government-wide HRIT environment over the next 10 years. (HR)✓ Q3: Collected a third year of agencies' satisfaction with SSC performance by issuing the 2015 Provider Assessment Customer and Provider Questionnaires. Expanded outreach and partnership with the CHCO Council, SSCs, and customer agencies resulted in the collection of nearly 5,000 responses to the questionnaire, which represents an increase of over 225 percent from the 2014 assessment. (HR)✓ Q3: Completed use cases for a possible data exchange solution for implementation across various lines of business. The shared data transfer capability will facilitate the automated interaction between software applications such as financial systems, procurement systems, e-invoicing systems, inventory systems, or other mixed systems. (FM) <p>2015 Ongoing:</p> <ul style="list-style-type: none">• ON TRACK Q4: Leverage the Marketplace Governance Product Control Boards to identify possible strategic sourcing opportunities. (FM)• ON TRACK Q4: Complete a baseline SLA (including performance metrics and targets) for Financial Management Shared Service Providers. (FM)• ON TRACK Q4: Research unique funding solutions that would enable FSSPs to scale, modernize, and compete effectively in the marketplace on a full cost recovery basis, including capturing adequate reserve funds needed to keep the providers competitive. (FM & HR)• ON TRACK Q4: Launch effort to develop government-wide T&A business requirements. (HR)• ON TRACK Q4: Establish working groups to update the Business Reference Model to create a single framework for defining the HR lifecycle. (HR)• ON TRACK Q4: Establish baseline acceptable customer satisfaction standards for the Provider Assessment. (HR)

2016 Milestones

2016 Key Milestones	Milestone Due Date	Status
Cross Administrative Functions		
Establish a Shared Services Governance Board (SSGB) responsible for determining strategic direction, goals and expectations, for shared services.	Q1 2016	On-track
Develop a consolidated, cross-LOB shared services selection and migration process aligned with the Federal Information Technology Acquisition Reform Act (FITARA) and the budget process. This process standardizes government-wide shared services guidance for agencies.	Q2 2016	On-track
Establish a Unified Shared Services Management (USSM) Organization to serve as an integration body, working across functions, providers, and consumers to provide implementation direction and guidance.	Q2 2016	On-track
Document mission, vision, goals, objectives and strategies in an administrative shared service 5-year strategic plan and agency business plans.	Q3 2016	On-track
Evaluate the best use of Independent Verification and Validation (IV&V) support for shared service implementations.	Q3 2016	On-track
Leverage existing lines-of-business and shared service provider governance structures to identify an integrated shared service ecosystem governance model.	Q4 2016	On-track
Financial Management Line of Business		
Release a methodology for capturing anticipated benefits associated with financial management shared services.	Q1 2016	On-track
Complete version 3 of the Financial Management Services Catalog, including SLA performance measures.	Q3 2016	On-track
Award acquisition vehicle for financial management software maintenance and licenses to support strategic sourcing.	Q3 2016	On-track
Human Resources Line of Business		
Develop and publish government-wide Time & Attendance (T&A) business requirements.	Q2 2016	On-track
Develop and publish government-wide Payroll business requirements.	Q3 2016	On-track
Develop and publish the HR Security Reference Model.	Q4 2016	On-track
Develop and publish government-wide Human Resources Information Technology (HRIT) systems catalog.	Q4 2016	On-track
Develop and implement a future vision for a consolidated framework for HR LOB performance management measurement and oversight.	Q4 2016	On-track

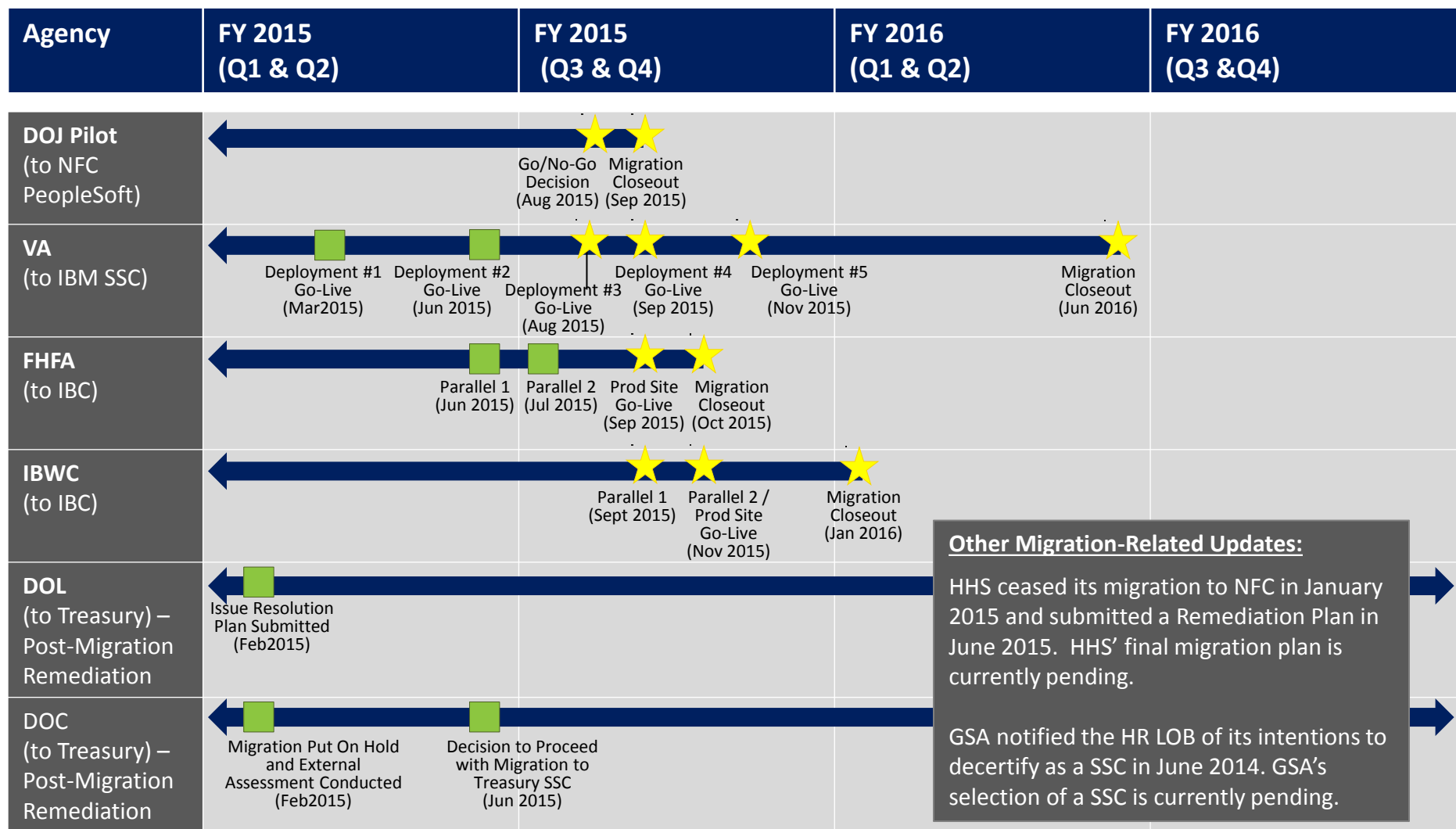
FINANCIAL MANAGEMENT: AGENCY MIGRATIONS TO SHARED SOLUTIONS



 Represents the planned activity's completion timeframe.  Indicates completed milestone.

As of 9/4/2015

HUMAN RESOURCES: AGENCY MIGRATIONS TO SHARED SERVICE CENTERS



The HR LOB has overseen 16 E-Payroll and 7 HRIT successful completed migrations to SSCs since FY 2003.

Key Performance Indicators

Key Implementation Data							
Year One Metrics	Source	Baseline	Baseline Year	Target	Frequency	Latest data	Trend
• % of Departments using shared services for some core administrative function (FM, HR, IT, etc.).	Agency Data Call	TBD	2014	100	Annual	Under Review	
• Overall customer satisfaction with provider	FMLOB	72%	Q2 2015	TBD	Annual	72%	NA
• Customer satisfaction with value of services received for price paid	FMLOB	54%	Q2 2105	TBD	Annual	54%	NA
• Total # of Financial Management Systems in the Federal Government	FMLOB	46	Q3 2015	TBD	TBD	46	NA
• % of agencies using shared services for core HR	HR LOB	56.72%	2003	100%	Annual	73.88%	Increasing
• % of agencies using shared services for payroll	HR LOB	61.62%	2003	100%	Annual	99.25%	Steady
• Overall customer satisfaction with provider	HR LOB	75%	2013	TBD	Annual	73%	Steady*
• Customer satisfaction with value of services	HR LOB	50%	2013	TBD	Annual	52%	Steady*

Indicators in Development – Year Two and Three Metrics:
<ul style="list-style-type: none">• Increase in shared services adoption among 24 CFO Act agencies for individual [function] processes• Improvements in satisfaction results from customers (CFOs, CHCOs, CIOs, CAOs, etc.)• Total # of Human Resources Systems in the Federal Government• HRIT costs relative to customer satisfaction

* Designated as “Steady” because statistical tests on the degree of year-to-year change show the variation to be statistically insignificant.

Contributing Programs

Shared Service Providers	Core Services Provided
Department of Agriculture, National Finance Center (NFC)*	Human Resources and Payroll, Financial Management, Data Center Hosting
Department of Interior, Interior Business Center (IBC)*	Human Resources and Payroll, Financial Management, Acquisition Services
Department of Treasury, Administrative Resource Center (ARC)* and Shared Services Programs (SSP)	Human Resources, Financial Management, Acquisition Services, Data Center Hosting
Department of Transportation, Enterprise Service Center (ESC)*	Financial Management, Data Center Hosting
Department of Health and Human Services, Program Support Center (PSC)	Human Resources, Financial Management, Real Estate and Logistics, Acquisition Services
Department of Defense, Defense Finance and Accounting Service (DFAS)	Financial Management, Payroll
Department of Defense, Defense Civilian Personnel Advisory Service (DCPAS)	Human Resources
General Services Administration, Business Management Office	Human Resources and Payroll, Financial Management, Data Center Hosting

* Designated by OMB and Treasury as a Federal Shared Service Provider for financial management.

Acronyms

- ARC - Administrative Resource Center
- CAO – Chief Administrative Officer
- CAP – Cross Agency Priority
- CFO – Chief Financial Officer
- CHCO – Chief Human Capital Officer
- CIO – Chief Information Officer
- DCPAS – Defense Civilian Personnel Advisory Service
- DFAS – Defense Finance and Accounting Service
- DHS – Department of Homeland Security
- DNDO – Domestic Nuclear Detection Office
- Education – Department of Education
- ESC – Enterprise Service Center
- FAME – Federal Agency Migration Evaluation
- FIT – Office of Financial Innovation and Transformation
- FM – Financial Management
- FSSP – Federal Shared Service Providers
- GAO – Government Accountability Office
- GSA – General Service Administration
- HR- Human Resources
- HUD – Department of Housing and Urban Development
- IBC – Interior Business Center
- IG – Inspector General
- IT – Information Technology
- Labor – Department of Labor
- NFC – National Finance Center
- OFPP – Office of Federal Procurement Policy
- OMB – Office of Management and Budget
- PSC – Program Support Center
- RFI – Request for Information
- SLA – Service Level Agreement
- SSP- Shared Service Program
- Treasury – Department of the Treasury
- TSA – Transportation Security Administration
- USCG – United States Coast Guard
- USDA – United States Department of Agriculture
- VA – Veterans Affairs