

Cross Agency Priority Goal Quarterly Progress Update

Shared Services

Goal Leaders:

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FY2016 Quarter 2

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) recently established an organizational structure to manage and oversee current and future administrative shared services. The newly created 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;
 - Explore unique funding solutions to provide access to investment capital necessary for shared service providers to remain viable.

Progress Update – Shared Services CAP Goal

The Shared Services Cap Goal strategy has four pillars that will help achieve its goals: Governance, Policy, Demand Management, and Supply Management. Here are the accomplishments from each pillar in Q2 2016:



Governance - Stakeholder ecosystem that inspires high-quality, high-value shared services and marketplace health and sustainability.

- Launched the Customer Council – A body of shared service customers representing the CFO Act agencies and Small Agency Council.
- Held the fourth and fifth Shared Service Governance Board meetings.
- Continued to hold monthly Provider Council Meetings.



Policy - Institutionalize shared services progress , build policy to enable shared services adoption and enable the ecosystem.

- Released [OMB Memorandum 16 -11 Improving Administrative Functions Through Shared Services.](#)
- Launched the Franchise Fund Working Group to maximize current funding authorities to better support the shared services ecosystem.



Demand Management - Make smart investments and enable successful migrations.

- Released the first draft of the Modernization and Migration Management (M3) Framework to federal agencies. This framework will deliver more successful mission support transformations and mitigate risk.
- Socialized and trained representatives from over 35 agencies and bureaus on how to apply the framework.



Supply Management - Use data and performance management to provide continuous feedback, assess capabilities, grow capacity and improve transparency.

- Launched government wide customer satisfaction survey for shared services.
- Launched the collection of service offerings, cost, and quality metrics for shared service providers know as *ProviderStat*.

Progress Update – Accomplishments

Actions to Achieve Impact

2016 Completed:

- ✓ Q1: 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.
- ✓ Q1: Established several governance bodies necessary for creating an effective shared services community. Stood up the Shared Services Governance Board which meets monthly and is responsible for setting the strategic direction of the new Shared Services Ecosystem. Stood up the Provider Council which serves as the voice of the Shared Service Providers and meets monthly. (USSM)
- ✓ Q2: Established the first cross-agency Customer Council, with representatives from 24 CFO Act Agencies and the Small Agency Council to provide customer perspective on the maturity of the marketplace.
- ✓ Q2: Kicked off the first government-wide customer satisfaction survey to consumers of HR and FM shared systems.
- ✓ Q2: Initiated the first ProviderStat data call to over eleven agencies who currently provide services to internal or external organizations.

2015 Completed:

- ✓ Q4: Leveraged the Marketplace Governance Product Control Boards to identify possible strategic sourcing opportunities. (FM)
- ✓ Q4: Developed baseline performance metrics for Financial Management Shared Service Providers. (FM)
- ✓ Q4: Researched 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)
- ✓ Q4: Provided recommendations to OMB that address sustainable funding, shared services governance, process standardization and policy oversight, and shared services talent acquisition. Recommendations were a result of focus group sessions with federal SSC leadership to identify government-wide challenges and develop innovative solutions to support the long-term sustainability of federal SSCs. (HR)
- ✓ Q4: Provided recommendations to OMB for a consolidated, cross-LOB shared services selection and migration process for agencies to acquire HR and/or Financial Management services. This process is aligned with the Federal Information Technology Acquisition Reform Act (FITARA) and the budget process. (FM & HR)
- ✓ Q4: Launched a workgroup to develop a set of government-wide business requirements for Time and Attendance. (T&A) which will establish baseline criteria for federal T&A services and will be used to certify SSPs within GSA's Category Management Hallway for HR. (HR)
- ✓ Q4: Developed 2015 Provider Assessment reports showing customer satisfaction of each of the HR LOB Shared Service Centers. (HR)

2016 and 2017 Milestones

2016 and 2017 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	COMPLETE
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	COMPLETE
Leverage existing authorities such as the Franchise Fund Authority to create greater consistency and flexibility with the shared services community.	Q3 2016	At-risk*
Evaluate the best use of Independent Verification and Validation (IV&V) support for shared service implementations.	Q3 2016	On-track
Develop the Modernization and Migration Management (M3) Playbook and help agencies to understand and utilize the playbook to create consistency across the shared services and reduce the risk of failure in implementations on consolidated solutions. Establish and deploy strategies that assist agencies in migrations to shared services and that lead to greater success.	Q3 2016	On-track
Develop a migration timeline designed to assess future demand and inform the Provider community to ensure sufficient supply exists in the community.	Q4 2016	COMPLETE
Lead a cross-agency pilot for core HR data and Payroll to determine a target end state for civilian agencies. <u>Payroll Services</u> include capturing, validating, and processing payroll and disbursement data for a given pay period by gathering data on employee time worked and leave taken, calculating gross pay and processing deductions and taxes to calculate net pay.	Q4 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
Conduct annual customer satisfaction survey to assess customer satisfaction and establish baseline.	Q4 2016	On-track
Conduct a study to determine the optimal organizational structure for service delivery within the shared services community.	Q4 2016	On-track
Deliver a service catalog for financial management, HR, grants and acquisition.	Q4 2016	On-track

* Expected completion in Q4– Cross-agency working group of Franchise Fund and Working Capital Fund SMEs have met multiple times and are approaching project completion. Policy is pending OGC review.

2016 and 2017 Milestones

2016 and 2017 Key Milestones	Milestone Due Date	Status
Document mission, vision, goals, objectives and strategies in an administrative shared service 5-year strategic plan	Q1 2017	On-track
Define common HR service outcomes that will be used to build a catalog and designate HR service providers.	Q1 2017	On-track
Complete SLA performance measures for multiple functional areas.	Q4 2017	On-track*
Develop and implement a future vision for a consolidated framework for provider performance management, measurement and oversight across functional areas.	Q4 2017	On-track*

Financial Management Line of Business

Release a methodology for capturing anticipated benefits associated with financial management shared services.	Q1 2016	DELETED**
Complete version 3 of the Financial Management Services Catalog, including SLA performance measures.	Q3 2016	DELETED*
Award acquisition vehicle for software maintenance and licenses to support strategic sourcing.	Q3 2016	At-Risk***
Develop use cases for optimizing software configurations.	Q4 2016	On-track

Human Resources Line of Business

Publish government-wide Talent Development business requirements.	Q1 2016	Missed
Develop and publish government-wide Time & Attendance (T&A) business requirements.	Q2 2016	Missed
Publish the Human Capital Business Reference Model (BRM), a federal operation model for the HR function.	Q2 2016	Missed****
Develop and publish government-wide Employee Performance Management business requirements.	Q3 2016	On-track
Develop and publish Identity, Credential, and Access Management (ICAM) Plan, a component of the HR Security Reference Model.	Q4 2016	On-track
Develop and publish government-wide Human Resources Information Technology (HRIT) systems catalog.	Q4 2016	DELETED*****
Develop and implement a future vision for a consolidated framework for HR LOB performance management measurement and oversight.	Q4 2016	DELETED*

*Moved from HR/FM Lines of Business to cross functional and scope expanded.

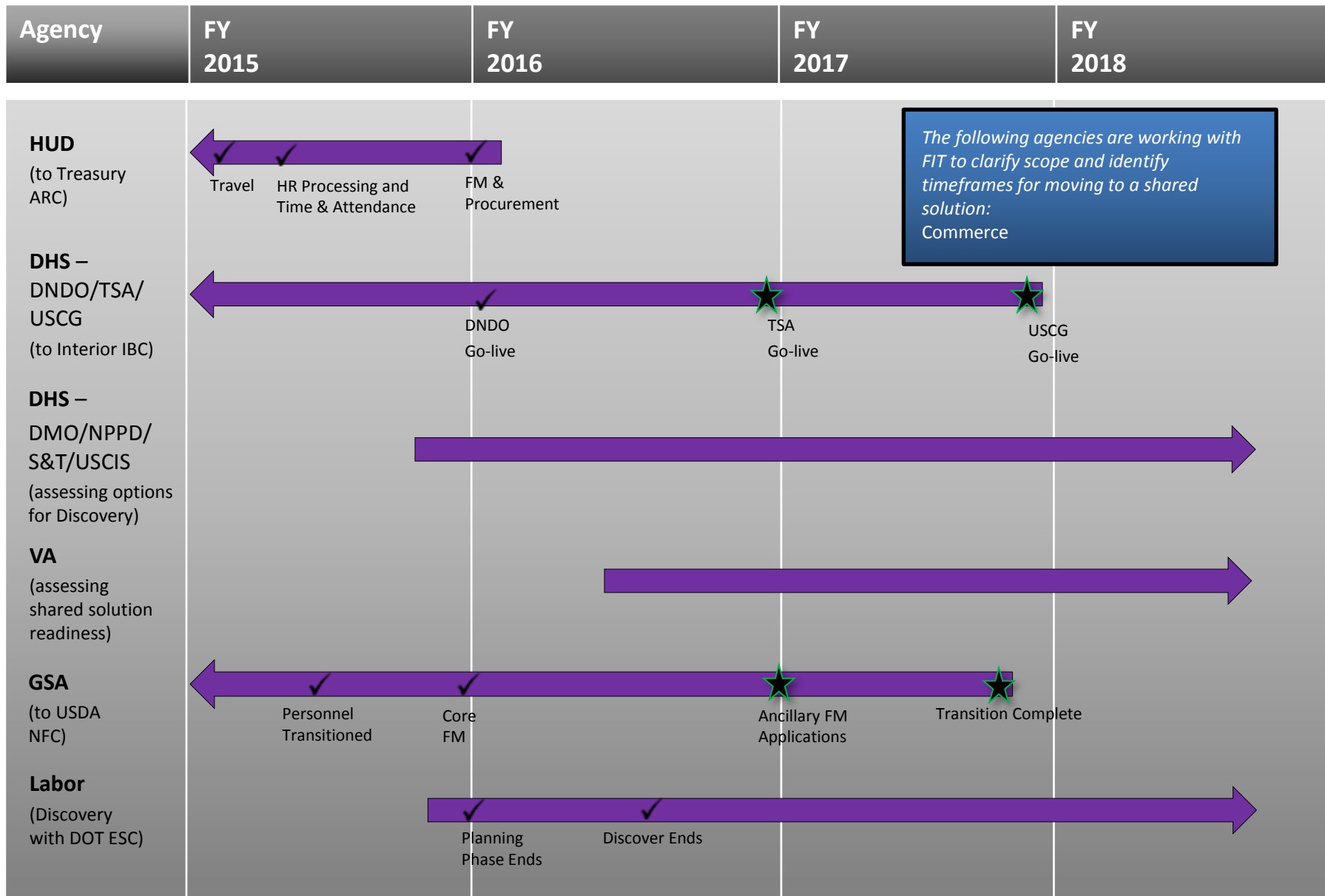
** Project discontinued due to change of strategic direction.

***Expect first wave to be completed in Q4 of FY16.

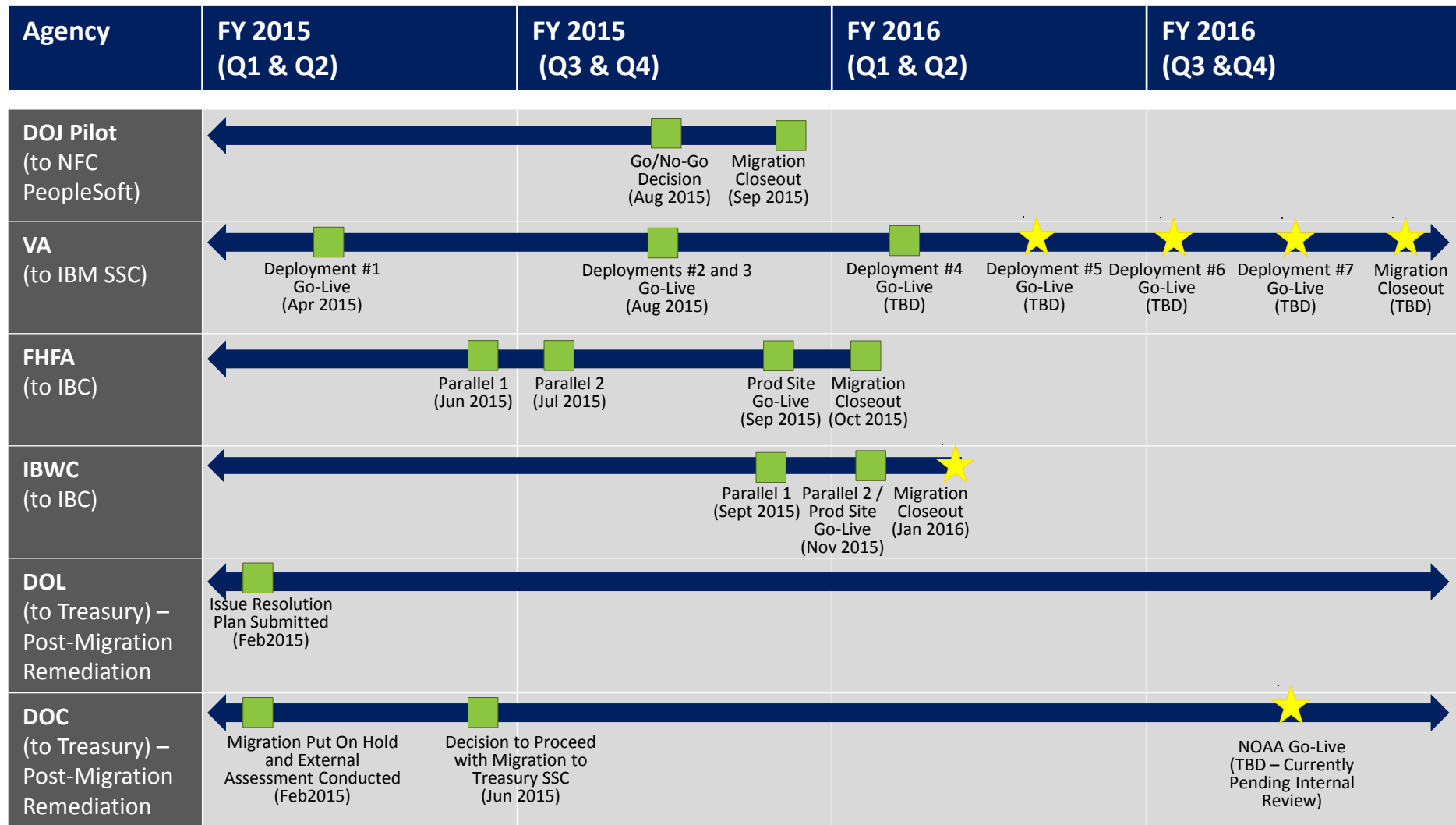
****The BRM is currently in agency review and the completion of the first two milestones in the HR Line of Business section are contingent upon its release. Expected completion date is now

*****This milestone is no longer in scope and has been taken over by OMB-FEA.

FINANCIAL MANAGEMENT: AGENCY MIGRATIONS TO SHARED SOLUTIONS



HUMAN RESOURCES: AGENCY MIGRATIONS TO SHARED SERVICE CENTERS



The HR LOB has overseen 16 E-Payroll and 10 HRIT successfully completed migrations to SSCs since FY 2003.

★ Represents the planned activity's completion timeframe ■ Indicates completed milestone

As of 11/9/2015

Shared Services M&O Future State

Current State and Challenge:

- Multiple shared service initiatives are independently led with inconsistent guidance across service areas, Federal agencies, Lines of Business and providers.
- To achieve the CAP goal to strategically expand high-quality, high value shared services and to improve performance and efficiency throughout government, reform is required in the way the government delivers and oversees its shared service initiatives.

OMB initiated the Administrative Shared Services Management and Oversight (M&O) study to identify possibilities for organizational realignment for management of administrative services.

Study Engaged a Broad Range of Stakeholders and Experts:

- Steering and advisory committees comprised of OMB and cross-government executives guided the study.
- Conducted 22 focus groups with over 90 government shared service stakeholders.
- Participants included CxOs (CFO, CAO, CHCO, CIO) or their designated representatives, and targeted Federal agencies currently consuming, providing or migrating to administrative shared services.
- Reviewed more than 100 documents including journal publications; case studies; government, association and industry reports; policy directives and guidance.

The future state for the administrative shared services ecosystem requires striking a balance among multiple factors:

- “Good government”, specifically economies of scale, leveraging proven solutions and reducing duplicative investments;
- Current and future consumer benefit and protection;
- Provider entrepreneurship and innovation.

Initial scope narrowed to Acquisitions, Financial Management, Human Resources, Information Technology, and Travel.

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*	NA
• Overall customer satisfaction with provider	FMLOB	72%	Q2 2015	80%	Annual	72%	NA
• Customer satisfaction with value of services received for price paid	FMLOB	54%	Q2 2105	80%	Annual	54%	NA
• Total # of instances of Financial Management Systems in the Federal Government	FMLOB	46	Q3 2015	TBD*	Annual	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	80%	Annual	73%	Steady**
• Customer satisfaction with value of services	HR LOB	50%	2013	80%	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

* Will be provided in FY 2016 Q3 after the conclusion of a study to identify the optimal future-state vision of shared service delivery.

** 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