Shared Services

Goal Leaders:

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FY2015 Quarter 2

Overview

Goal Statement

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

Urgency

o   The current environment of increased limitations of budget and human resources (HR), combined with the need to focus on mission-focused work, presents an immediate opportunity for leadership to direct federal agencies to move non-mission work to shared services. Establishing this clear commitment to shared services would allow the government to benefit from economies of scale, leverage proven solutions, reduce duplicative investments, repurpose employees to mission-focused work, and mitigate risk that faces the current operating environment.

o   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.

o   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. 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)

o   The Office of Management and Budget (OMB) will study possibilities for organizational alignment for the management of administrative shared services.

o   OMB will explore opportunities to expand "shared first" beyond financial management into other administrative functions such as HR, Acquisition, etc. It will continue to leverage benchmarking results to support the business case for shared services.

o   OMB will engage large departments to explore shared services opportunities internal to organizations.

o   The Department of the Treasury (Treasury) Office of Financial Innovation and Transformation (FIT) will identify opportunities for transparency into financial management shared service provider performance and pricing.

o   OMB will foster the adoption of the new Data Act accounting standards in all shared services administrative systems including financial, procurement, HR, payroll and performance reporting systems.

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.

✓ 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.

✓ Q2: Released version 2 of the Financial Management Services Catalog, including prices and service level agreement metrics to current customer agencies.

✓ 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.

✓ Q2: Kicked off administrative shared services organizational study. The study is underway with recommendations to be presented in Q4.

2014 Completed:

✓ Designated four financial management Shared Service Providers (Treasury ARC, Transportation ESC, Interior IBC, Agriculture NFC)

✓ Solicited private sector input on ways to expand capabilities of shared service providers through two Requests for Information (RFIs) and an "Industry Day"

✓ Formalized and documented federal marketplace governance and O&M governance by Treasury and OMB

✓ Entered three new agencies into the "Needs Identification" phase of the Federal Agency Migration Evaluation (FAME) process

✓ Kicked off the Entrepreneurs-in-Residence Program – provide industry expertise to FSSPs for opportunities to scale organizations to address multiple large customers

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2015 Milestones

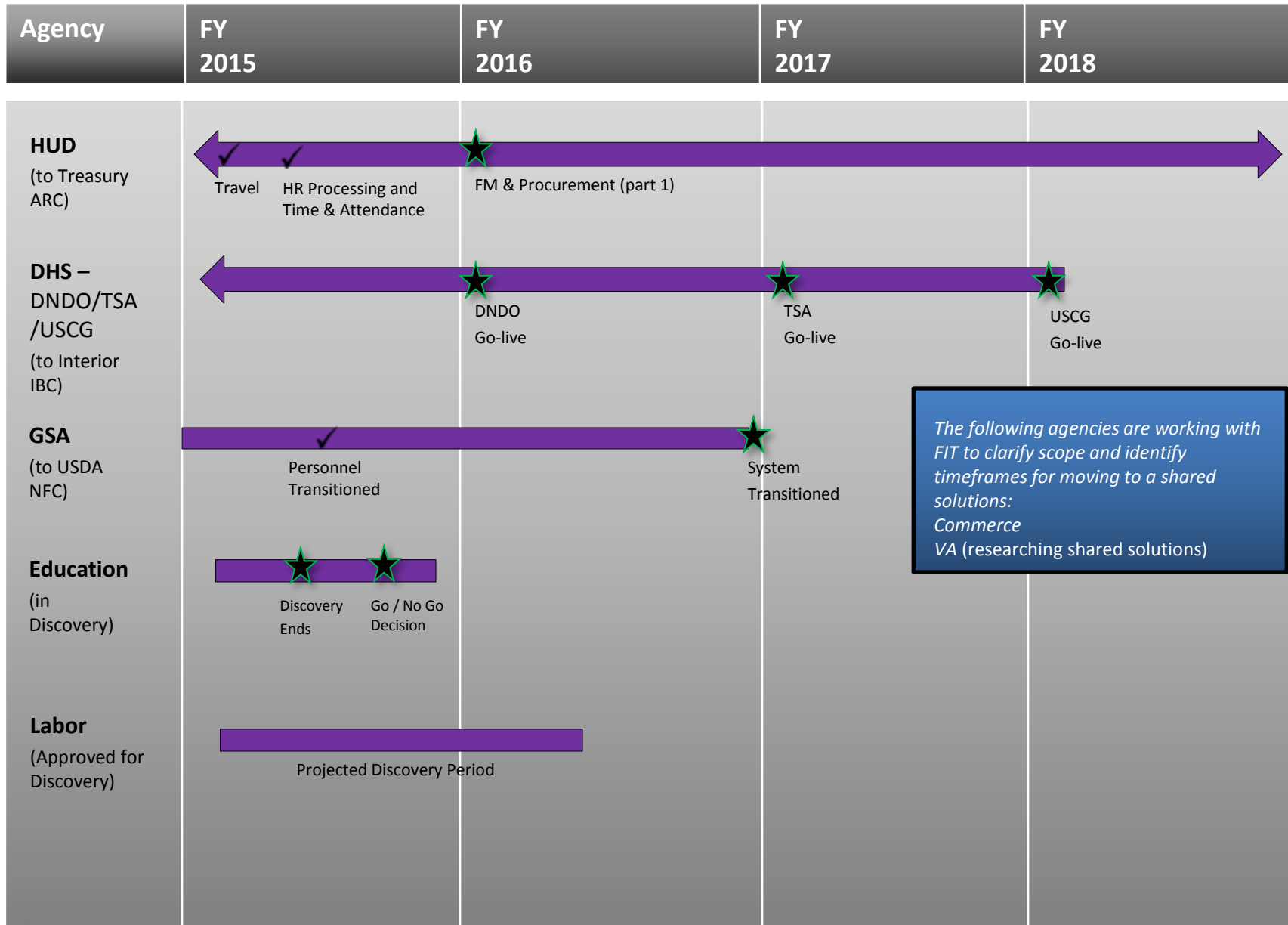| 2015 Key Milestones	Milestone Due Date	Status
Issue guidance on "must-haves" and lessons learned to formalize the process of moving to a shared solution	Q1 2015	COMPLETED
Issue a common customer satisfaction survey across the current community of FSSP customers for comparability and performance measurement in coordination with Phase 2 of the CAP Goal: Benchmarking	Q2 2015	COMPLETED
Kick off the administrative shared services organizational study.	Q2 2015	COMPLETED
Publish the Financial Management Services Catalog with prices and performance metrics for FSSPs	Q3 2015	Version 2 (with prices) has been released to current customers.
Complete a baseline SLA (including performance metrics and targets) for Financial Management Shared Service Providers	Q3 2015	Metrics completed. Developing SLA language.
Complete use cases for a possible data exchange solution* for implementation across various lines of business.	Q3 2015	On-track
Identify leads for HR Shared Services initiatives in conjunction with the Office of Personnel Management (OPM)	Q3 2015	On-track
Identify leads for Acquisition Shared Services in conjunction with Office of Federal Procurement Policy (OFPP)	Q3 2015	On-track
Identify leads for Information Technology (IT) Shared Services in conjunction with E-gov	Q3 2015	On-track
Release a cost/benefit methodology for capturing costs and anticipated savings associated with shared services	Q4 2015	On-track
Leverage the Marketplace Governance Product Control Boards to identify possible strategic sourcing opportunities.	Q4 2015	On-track

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. These software applications may or may not be owned and operated by the federal government. The use of this tool will allow the government to develop standard and reusable exchanges and minimize new interface development for system implementations.

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 and Payroll, 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)	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.

FINANCIAL MANAGEMENT: AGENCY MIGRATIONS TO SHARED SOLUTIONS

Agency	FY 2015	FY 2016	FY 2017	FY 2018
HUD (to Treasury ARC)	Travel ✓ HR Processing and Time & Attendance ✓	★ FM & Procurement (part 1)		
DHS – DNDO/TSA /USCG (to Interior IBC)		★ DNDO Go-live	★ TSA Go-live	★ USCG Go-live
GSA (to USDA NFC)	Personnel Transitioned ✓		★ System Transitioned	
Education (in Discovery)	★ Discovery Ends ★ Go / No Go Decision			
Labor (Approved for Discovery)	Projected Discovery Period			

The following agencies are working with FIT to clarify scope and identify timeframes for moving to a shared solutions:
Commerce
VA (researching shared solutions)

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

Key Performance Indicators

Key Implementation Data

Year One Metrics	Source	Baseline	Target	Frequency	Latest data	Trend
• # of migrations to financial shared providers : total # of financial management migrations	Treasury FIT	2014	TBD	Annual	2/4	
• % of Departments using shared services for some core administrative function (FM, HR, IT, etc.).	Agency Data Call	2014	100	Annual	Under Review	
• Customer satisfaction survey results	FIT Governance	Q3 2015	TBD	Annual	Q2 FY 2015	

Indicators in Development – Year Two and Three Metrics:

- 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 Financial Management Systems in the Federal Government
- % of Departments using shared services for some core administrative function (FM, HR, IT, etc.)

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