FINANCIAL SERVICES
REINTRODUCE STRATEGIC PLANNING AND PERFORMANCE BUDGETING PROCESSES

Objectives and Achievements	In Progress
- Issue: The State does not routinely perform agency or statewide strategic planning or performance budgeting processes, thereby depriving decision makers of data that would better inform the budget decisions affecting the allocation of scarce State resources. **Objective: Reinstitute strategic planning and performance budgeting processes to provide information for preparation of data-driven budget recommendations and budget decisions** - Ongoing authorization for OMB to sweep special fund balances into the General Fund provided in HS1 for HB 275, FY 2018 Appropriation Act, Section 96.	- Delaware Governmental Accountability Act draft bill approved by GEAR Financial Services Delivery Team (May 4, 2018) and endorsed by GEAR Board for submission to General Assembly (May 15, 2018) - Bill introduced as SB 263. Passed Senate 19 Yes 2 Absent (June 21, 2018). Reported out of House Appropriations Committee (June 26, 2018) and placed on House Agenda IV (Gray) for consideration on June 30, 2018. Bill NOT considered by House. Bill needs to be reintroduced to the legislature for consideration in next session. - At GEAR Financial Services Delivery Team (October 17, 2018) meeting Mike Jackson reported that there is agreement with legislators to rerun SB 263 in its current form (no revisions) in January. OMB will follow up with folks on the implementation issues brought up in prior GEAR meetings.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
- Even though bill did not pass and is not law, will go ahead with working through the initial implementation plan to identify resources, timeline, strategic planning and performance budgeting processes and business process improvement systems. - In January 2019, at start of new legislative session, resubmit GAA Bill and implementation plan to legislators (primarily co-chairs of JFC) for sponsorship and placement on General Assembly agenda. Goal is to have bill passed by General Assembly and signed by Governor during next legislative session (by end of June 2019).	- Identifying existing, not new, resources and a very short timeframe for implementation. - Given 25% of the General Assembly is voluntarily not running for re-election and additional seats may turn over with the election in November, the effort to get the updated GAA passed will be starting from scratch.

FINANCIAL SERVICES
BANKING ARCHITECTURE REDESIGN

Objectives and Achievements	In Progress
• **Issue:** A comprehensive assessment and re-engineering of banking needs has not been conducted in more than 25 years. • **Objective:** Implement a new statewide banking architecture to drive greater value to state agencies from banking partners.	• Publish RFP across multiple channels (6/13) • Host Pre-Proposal Conference (7/10) • Receive and validate RFP submissions (8/3) • Discuss proposals w/ Committee and select finalists (9/5) • Conduct finalist presentations (week of 9/17) • Evaluate finalist presentations and reach consensus with Evaluation Committee (10/17) • Complete legal review of vendor forms of agreement and STC/DTI redlines • Finalize vendor selections with Evaluation Committee
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Seek approval of Evaluation Committee recommendations from the Cash Management Policy Board • Complete contract negotiations with selected vendors • Notify vendors and award contracts • Issue Request for Qualification ("RFQ") for agency local branch banking needs Establish formal project/program management structure and begin drafting comprehensive implementation plan	• Sustained participation of subject matter experts from state organizations is needed throughout the project life-cycle • Multi-year/agency implementation requires quality project management and adequate resourcing • CLOSED: Contracts with current banking services providers expire at year-end and must be extended through next year to accommodate transition to potential new providers

Objectives and Achievements	In Progress
• Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. • **Objective: Ensure effective internal control systems are developed and maintained**	• The Auditor of Accounts is conducting an inspection to determine if internal control weaknesses exist in the State's PCard program. The report will focus on key controls of authorization and independent receipt. The report will provide recommendations and share best practices. It will be issued in 2018. • The Auditor of Accounts is conducting an inspection of school district expenses relative to unit counts for the last fiscal year. The three districts tested had errors in state funding. The report will be issued in 2018.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Develop action plan to manage and improve the quality of data fundamental to the operation of FSF. • Make improvements to the tracking of school district positions relative to unit counts (estimated cost avoidance of $800,000). [Currently this item on hold.]	• Lack of guidance related to the usage and monitoring responsibility over Division I funding. • There will be a new Auditor of Accounts following the next election and it is not known what, if any, priority the new Auditor of Accounts will attach to these (GEAR) efforts.

Objectives and Achievements	In Progress
• Issue: The use of multiple data sources for State decision making leads to duplication of efforts, conflicting and competing analyses, and higher costs for both analyses and decisions made. • **Objective: Improve data integration and mapping so that better information is available for decision makers at some cost savings**	• The Delaware Geographic Data Committee (DGDC) has convened a subcommittee to determine the path forward to ensuring the efficient and effective management of Geospatial Data and Infrastructure for the State of Delaware. Representatives of the following agencies are members of this subcommittee: OSPC, • DTI, DelDOT, DNREC, DHSS, DSHS, DDA, DSHA, DEMA, DOE, New Castle County, Kent County, Sussex County • Scope of work outlined. Need to flesh out and provide to UD.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
• Leverage FirstMap geographic information service (GIS). Develop a white paper on the best practices, viable solutions and return on investments based on the findings from a coordinated effort among agencies to determine the path forward.	• Requirements gathering will take some time to complete.

Objectives and Achievements	In Progress
• Issue: The Counties are required to use the Delaware Population Consortium projections for planning, grants, loans, etc., State agencies, school districts and other levels of government are not. • **Objective: Requiring all State agencies to use Delaware Population Consortium projections for all planning grants, loans, performance metrics, etc.** • By using shared statewide data and population projections all entities will be able to agree on their accuracy as well as see the "big Picture" statewide.	• Legislation introduced as SB 219 in Senate 6/1/2018 • Passed by Senate 6/14/2018 • Not considered by House prior to end of session on 6/30/2018 • Although not passed by the House, it should be noted that there were no concerns or objections to the content of the bill from legislators. Bill was not passed due to timing and expiration of session.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Bill must be reintroduced in January 2019 • OSPC/OMB will be reaching out to sponsors to gain their support to reintroduce bill • OSPC/OMB will respond to any questions or comments that arise through the legislative process	• New legislators may have additional questions or concerns, which may delay the passage of the bill. • Unforeseen issues could arise through the legislative process.

Objectives and Achievements	In Progress
Objective: Establish a central State land inventory and require all agencies to use it for the management of the State's real property portfolio.	This objective was transferred from DHSS to OMB, Office of State Planning Coordination in late July 2018.

Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
We need to create a Business Case with DTI to create a centralized relational database and geospatial component to maintain accurate and up-to-date data on the assets owned and managed by the State of Delaware. This database is envisioned to permit each agency the autonomy to input and update their land inventory data but store it centrally with all other agencies so it can be queried and provide management the best information for decisions regarding these properties.	The biggest challenge will be funding to create the database and agency interface to permit data input. Requirements gathering will need to be all inclusive and then we'll have to work with DTI to create the relational database, data input interface, and geospatial components working on the State network.

Objectives and Achievements	In Progress
- Issue: Currently, there is no centralized entity identifying continuous improvement opportunities or potential issues and risks affecting the State's financial management functions. Such responsibility falls to individual agencies performing these functions and the response and solutions are often fragmented and ineffective. **Objective: Objective is to create a financial services roundtable composed of senior financial officers to comprehensively address issues with the State's financial management functions.** **Objective: Eliminate duplicative internal financial service functions and realize process efficiencies and cost savings.**	- Initially, FSD Team will constitute the roundtable: Secretary of Finance, Director of OMB, Controller General, State Treasurer, Auditor of Accounts, Chief Financial Officer of the Delaware Judiciary, and a representative from school district business managers. - Rick asked Jane Cole (DOF/DOA) to lead the Work Team/Focus Group. - The Financial Advisory Committee (FAC) has met several times since August 2018 and has established four priority areas: account coding, grants, onerous processing requirements and travel and purchasing. Leaders for the subcommittees have been established and the subcommittees will begin meetings over the next two to three months.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
- The subcommittee of the FAC for onerous paper processing requirements will assess these requirements in accordance with the following criteria: - What no longer needs to be done? - What can be streamlined (efficiencies through technology or reduction of redundant steps)? - The subcommittee will focus the first several meetings on identifying the processes and prioritizing the processes to streamline. Determining the source of the requirements will be critical as revisions to the Code or the Budget and Accounting Manual may be required.	- Changing fragmented financial practices that have "worked" for individual State entities. - Potential changes to Delaware Code for the processes.

Objectives and Achievements	In Progress
• Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. • **Objective: Ensure effective internal control systems are developed and maintained: Reduce travel per diem complexity that leads to inefficiencies in use and enforcement compliance and auditing (estimated savings $800,000).** • **Total Travel spend FY 2017 $3.7 M (all funds, no HiEd or SDs).** • **Leadership: OMB (Sullivan) and DOF (Cole).**	• DOF working with OST to issue joint PCard RFP so that PCard spending, rebates, cost savings and banking fees addressed comprehensively. • OMB reviewing Federal General Services Administration (GSA) travel policy and per diem standards and travel policies of several states. • Review of Travel Policy on agenda for examination by DOF/DOA's newly restarted Financial Advisory Committee (FAC). Potential adjustments: raise the threshold for OMB/DOF review of missing receipt affidavits from $20.00 to $100.00 and the threshold for OMB/DOF approval of lodging exceeding 150% of GSA rate

Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
• Revising the State's travel policy in the Budget and Accounting Policy Manual so it conforms to any new policy changes, approval practices and so on. • DOF/DOA contacting a second potential corporate travel management vendor that may be interested in managing the State's travel and impose consistency regarding booking conveyance and lodging and use of per diem.	• Engaging a travel management company is dependent upon both the revision of the travel policy and awarding of the new PCard contract including issuance of new cards.

ENSURE EFFECTIVE INTERNAL CONTROL SYSTEMS ARE DEVELOPED AND MAINTAINED: PCARD

Objectives and Achievements	In Progress
• Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. • **Objective: Ensure effective internal control systems are developed and maintained: Increase PCARD usage (each additional $250M in spend will increase rebates $300K and lower costs for processing checks)** • **Current PCard spend 2017 $130.1 M** • **Leadership: DOF (Cole) and OST (Gonzalez).**	• Reviewing Budget and Accounting Manual Policy Chapter 12 – PCard for potential changes to streamline policy for greater efficiencies that can be implemented with a new contract. • Two finalist banks selected in the banking architecture redesign project, PCard is one of the services to be provided by finalist bank. Contract negotiations are underway..
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Capacity reserved in Quarter 1 of 2019 for implementation of new PCard vendor/program • Together with travel continue explorations of travel management services which through connection to the PCard will result in increased usage. • Reduce the current pay cycle for checks and ACH transactions from daily to weekly or biweekly to drive more payments to the Single Use Account (SUA) within the PCard program.	• Current capacity of the ERP team to handle additional workload required to implement new banking products/services. • Capacity of DOA/OMB team to complete the timely revisions to the BAM.

FINANCIAL SERVICES
DEPARTMENT OF FINANCE INTEGRATED REVENUE ADMIN SYSTEM (IRAS)

Objectives and Achievements	In Progress
Integrated Revenue Admin System (IRAS) **Objective:** The Division of Revenue (DOR) is undertaking a major transformation to replace its legacy infrastructure and 100+ systems into a holistic and modernized system, allowing for better security and providing an improved single view of the taxpayer. The team has developed and issued a comprehensive RFP, and the solution will be implemented in 3 major releases over 4 years. Underlying the Integrated Revenue Administration System (IRAS) project are approximately 1500 business and technical requirements that will be implemented within a program of clearly defined governance and project management processes, and a complete software testing program.	• The DOR modernization RFP was completed and issued on August 10, 2018, and vendor proposals are due on November 7, 2018. • The DOR modernization team is currently working with nine (9) other states that have implemented tax system modernization projects to define key project planning activities, business and technical resource requirements, technology needs and best practices. • The collective team is also focusing on business process management and the annual tax season process to ensure optimal efficiency is gained allowing for more time to be dedicated to modernization.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**

• The RFP has been completed and was issued on August 10, 2018 at www.bids.delaware.gov
• The team is preparing for the receipt of vendor proposals on November 7, 2018, and is completing plans for the proposal evaluations.   The timeline after receipt of proposals is as follows:
    • Proposal Evaluations (November 8, 2018 to November 28, 2018)
    • Vendor Demos (January 7, 2019 to January 18, 2019)
    • Notification of Winning Vendor (January 25, 2019)
    • Contract (TBD)
    • Project Launch (2Q 2019)
	• Team capacity will be a consistent watch item throughout the phases of the project. The team has a tremendous amount of work to complete with a core team that is responsible for modernization and business as usual activities.
	• Balancing DOR technical and business resources required for the evaluation of proposals and the annual tax season preparation will be a challenge.

FINANCIAL SERVICES
OMB (DFM & GSS) CONTACTUAL REAL ESTATE SUPPORT TO ADDRESS OFFICE SPACE LEASES

Objectives and Achievements	In Progress

• Issue: OMB/DFM's current leased real estate portfolio is 117 properties (1,561,084 sf) with current value of $27.0 million. Of the 117 leased properties, 78 leases expiring within the next 5 years. Currently, real estate-related tasks decentralized across numerous State agencies; leads to duplication of effort and expenditure.
• **Objective: Engaging a real estate Vendor to enhance staff resources managing the State's real estate portfolio by implementing industry best practices and partnering with the State in lease negotiations and administration, portfolio and facility management and other services.**
• Coupling constituent needs as well as individual agency's needs by location along with geographically-oriented State-needs to help identify best target locations for leases.
• Reorganize lease negotiation approach toward longer term benefits where:
   o Constituent needs are fine-tuned and closely considered.
   o Agencies are located where complimentary State/County and Local government resources co-reside or are located immediately nearby.
   o Overall lease-term costs are most efficient.
	• Real Property Management Support contract awarded end of August.
	• RFP Scope of Work addresses:
	   o Negotiations with potential Lessors
	   o Reporting on progress
	   o Available services any firm may offer to restructure approach to lease management
	   o Database of available real estate

Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Undertake the work to renegotiate existing leases, identify alternative and leased locations and identify existing State-owned space opportunities that could be more efficiently utilized. • Address GASB Statement 87 reporting requirements with DOF/DOA. These requirements mandate capitalization of leases and breakout of lease component costs. • Development of lease or buy calculation and policy. • Leverage contractor resources toward renewing leases or relocating leased properties for State operations where they are most efficiently accessible by constituents as well as most economically efficient for lease costs and buildout.	• The erratic flow of staffing requirements necessary to manage all flow of work including and beyond negotiation of leases. • Individual agencies acting on their own without OMB/DFM knowledge. • The process flow currently in place requiring multiple agencies to act on lease opportunities.

FINANCIAL SERVICES
ELIMINATE DUPLICATIVE INTERNAL FINANCIAL SERVICE FUNCTIONS

Objectives and Achievements	In Progress
• Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. • **Objective: Eliminate duplicative internal financial service functions and realize process efficiencies and cost savings.**	• Formed the Senior Financial Officer Roundtable: Objective is to comprehensively address issues with the State's financial management functions.
Next Steps (Future Activities)	**Challenges (Issues and Risks effecting your effort)**
• Adopt enterprise financial services delivery model for selected financial functions common to multiple agencies. • Encourage all agencies to participate in the discovery, prioritization, and migration/consolidation of redundant financial services and systems into FSF.	