Government Efficiency and Accountability Review (GEAR)

GEAR13 Board Meeting
March 19th 2019

https://gear.delaware.gov/
Agenda

1. Introductions
2. Old Business
   • Review/approve minutes
   • 2019 Schedule
   • GEAR team update
3. New business
4. Deep Dive
   • Education
   • Financial Services Delivery
5. Open Topics discussion -- Board
6. Public Comment
7. Adjourn
Opening Comments

The third year of GEAR has officially begun!
Old Business

Review/Approve Minutes from Prior Board meeting

Sent to Board for review March 4th, 2019
New Business

2019 GEAR Board Schedule

Wednesday, January 17, 2019
9:00am to 11:00am
Haslet Armory, Conference Room 219

Tuesday, July 16, 2019
9:00am to 11:00am
Buena Vista, Buck Library

Tuesday, March 19, 2019
9:00am to 11:00am
Buena Vista, Buck Library

Wednesday, September 18, 2019
10:00am to 12:00pm
Haslet Armory, Conference Room 219

Wednesday, May 16, 2019
8:00am to 10:00am
Haslet Armory, Conference Room 219

Tuesday, November 19, 2019
8:00am to 10:00am
Buena Vista, Buck Library
# New Business

## 2019 Deep Dive Schedule

<table>
<thead>
<tr>
<th>Date</th>
<th>Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wednesday, January 17, 2019</strong></td>
<td>Information Technology, GEAR</td>
</tr>
<tr>
<td><strong>Tuesday, March 19, 2019</strong></td>
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</tr>
<tr>
<td><strong>Tuesday, November 19, 2019</strong></td>
<td>DHSS &amp; Healthcare, P3 – Public/Private Partnerships</td>
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</tbody>
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*Action: HR second Deep Dive schedule needed*
New Business

GEAR Team Update

• GEAR P3 Award
  – 20 nominations
  – Marked improvement in quality of submissions
  – Private sector participation
• DHSS Research, Innovation and Humanity Day (1/25/19)
• GEAR has impact on JFC hearings, e.g., DOF, DHSS
• GEAR Financial Services Delivery Team welcomes Kathy McGuiness, Colleen Davis, and their teams

• EdGEAR
  – GEAR team and DOE (CL) Met with DOE and school district business managers about EdGEAR
  – DOE gained support for EdGEAR from District Superintendents
  – EdGEAR now entering formal design phase

• Standing updates:
  – Information Technology update
  – Human Resources Delivery update
  – DNREC Connect

https://gear.delaware.gov/
Deep Dive

Education
GEAR Projects - Education

- Council on Educational Technology
- Data standardization for financial transparency
- EdGEAR
Council on Educational Technology

Overview

Functions

– Provide strategic guidance
– Conduct needs assessments
– Offer policy and budget recommendations
– Plan to ensure alignment between state and local efforts
– Support technology-related procurement
– Define acceptable use policies, procedures, and processes
Council on Educational Technology

Overview

• The Council includes members from DOE, DTI, districts, charters, OMB, CG

• Progress since last Deep Dive
  – Members designated
  – Two Members meetings held (1/17/19, 2/26/19)
  – Three meetings scheduled (3/21/19, 4/29/19, 5/31/19)
  – Presentations on the modern classroom hosted
  – Vision statement drafted and focus areas identified
Council on Educational Technology

In Progress
- Establishing priorities
- Identifying opportunities

Next Steps
- Needs assessment

Challenges
- Focusing on the future, not the past
- Staying out of the detail level

GEAR Board
- As efforts are identified the Council may request the help of industry experts in specific areas
  • Needs assessment
Financial Reporting Data Standardization

Overview

– DOE is required to report expenditure data at the school and/or local education agency (LEA) level for several purposes
  • Federal reporting (F-33, NPEFS, IDEA Maintenance of Effort/Excess Costs)
  • ESSA – Every Student Succeeds Act – requires school-level expenditure reporting
  • SB172 – extends ESSA reporting into additional categories

– There is currently no clean and consistent way to map expenditures into required reporting categories
Overview

– Standardizing fiscal coding across LEAs will enable us to make reporting more accurate, more timely, more transparent, more meaningful

– Other agencies may have similar requirements and can learn from or join this effort
Financial Reporting Data Standardization

Progress since last Deep Dive

- ESSA Report Card implemented
- Public meetings held; suggestions documented
- Financial transparency page established on DOE Web site
- School Code standardization complete
- Account code standardization meetings regularly held, with participation from DOE, DOA, districts, charters
- DOE participation in broader DOA account code standardization effort
Financial Reporting Data Standardization

In Progress

– Account code standardization meetings
– Mapping what needs to be reported for ESSA, SB172, federal requirements
– Epilogue requiring standard code usage is in the FY20 Governor’s Recommended Budget

Next Steps

– Analyze large categories of spend for opportunities to increase transparency
– Develop and publish standardized fiscal coding manual for districts/charters
– Look for synergies with the Open Data effort
Financial Reporting Data Standardization

Challenges

– Current codes do not classify spending by purpose (instructional, student support, administrative, etc.) -- sometimes implied at best
– SB172 and ESSA timelines mean FY2018 and FY2019 spending is self-reported by districts/charters before standard codes are fully in use (July 2019)

GEAR Board

– Support in enhancing available set of account codes
– Coordination with other agencies with similar needs
EdGEAR

Overview

GEAR-like organization under the leadership of the school districts

– Superintendents
– Business Managers
– Procurement Officials
EdGEAR

In Progress
  – Determining structure and membership

Next Steps
  – Kick-off meeting
  – Identify opportunities
  – Set priorities
  – Easy wins to prove the concept
EdGEAR

Challenges

– Time
– Diverse needs and capabilities

GEAR Board

– GEAR staff support (at least in the beginning)
Deep Dive

Financial Services Delivery
Deep Dive

Financial Services Delivery

1. Banking Architecture Redesign
2. Centralized Land Inventory Database
3. Senior Financial Officer Roundtable
4. Update on Other FSD Projects
Banking Architecture Redesign

Overview

• OST provides State with transaction and cash management services ensuring sound fiscal stewardship over financial assets, systems, and processes

• Comprehensive review of statewide banking architecture identified significant opportunities for improvement, including:
  – Operational efficiency
  – Risk reduction
  – Improved customer service
  – Cost savings / Enhanced earnings

• Based on the results of the banking study, CMPB approved amending the banking architecture and issuing a comprehensive banking services RFP
Banking Architecture Redesign

In Progress

• Received approval from the CMPB to negotiate contracts with selected vendors (11/28)
  – Collections / Disbursements / Check Printing: JP Morgan
  – Lockboxes: JP Morgan
  – P-Card: JP Morgan
  – Stored Value Cards: US Bank
• Executed Stored Value Card contract w/ US Bank (3/6)
• Published Local Banking RFP (3/8)
  – Due to the limited scope, these services were excluded from last year’s General Banking RFP
• Finalizing new P-Card contract with JPM (ongoing)
• Coordinating implementation kickoff meetings with Stored Value Card users (ongoing)
Next Steps

• Complete P-Card and banking contract negotiations with JPM
  – P-Card Target Date: March 31, 2019
  – Banking Target Date: April 30, 2019
• Establish formal project/program management structure and begin drafting comprehensive project plans, including:
  – Implementation
  – Testing
  – Change management, training and communications
• Confirm technical resource requirements w/ DTI
• Evaluate local banking proposals and select vendors (April)
• Present RFP award winners to the CMPB for approval (May)
• Complete contract negotiations with local bank award winners (June)
Banking Architecture Redesign

Challenges

• Complex long-term statewide implementation requires additional resources with significant project management and/or banking services experience
  – Governor’s recommended budget includes 3 additional OST resources

• Sustained participation of subject matter experts from State organizations is needed throughout project life-cycle

• Improving banking behaviors and product usage may require training, education, and/or policy changes

• Contracts with certain incumbent providers may need to be extended prior to calendar year-end to account for transition timelines
Banking Architecture Redesign

GEAR Board Requests

• Create awareness and promote the benefits within your respective agencies
• Consider impacts of the banking project on your agency and plan accordingly (i.e. systems, staffing, processes, etc.)
• Identify agency resources to serve as subject matter experts and project liaisons
• Ensure all current and future accounts are opened in accordance with the DOF/DOA’s Budget and Accounting Policy Manual (BAM)
• Prevent agencies from entering into separate banking agreements, all contracts should be centralized within OST
• Please contact Joshua.Berkow@delaware.gov and Khary.DeWitt@delaware.gov with any questions or concerns
OSPC Tasks under GEAR

- Establish Centralized Land Inventory Database
- Improve Data Integration and Mapping
- Require all State Agencies to use Delaware Population Consortium Projections
Establish Centralized State Land Inventory Database

Overview

Issues

• There is no central list or database of all lands owned or leased by the State of Delaware

• Lack of centralized database/list can lead to inefficient and duplicative efforts to manage real property
  – Shared lists represent a point in time, rather than real time data
  – Each agency/division develops their own database/list and procedures
  – New property acquisition/property disposition not reflected in all lists leading to potentially inaccurate data

• Impossible to understand the “big picture” of State real property holdings or management
Establish Centralized State Land Inventory Database

OSPC is researching to determine lands owned. This often involves Deed research and site visits to verify Plat information obtained from County records.
Establish Centralized State Land Inventory Database

Different lists/databases are maintained by each agency or division with responsibility for real property
Establish Centralized State Land Inventory Database

The OSPC has attempted to create a Statewide database of real property using the data and lists from multiple agencies and divisions. This effort involves continuous updating, but is not “real time” in that changes made by one agency/division are not automatically updated.
Establish Centralized State Land Inventory Database

Next Steps

• OSPC has initiated contract with the University of Delaware, Institute for Public Administration (IPA) to gather requirements from stakeholder agencies on their methods for tracking and maintaining information on real property they own and/or manage

• Contract cost of $32,500 will be paid through contracting vehicle set up with IPA through the OSPC

• Requirements gathering starting in mid-March 2019

• Expected delivery date of requirements gathering is July 1, 2019

• Establish business case with DTI to design and build the centralized database
Establish Centralized State Land Inventory Database

Challenges

• Funding needed to create the statewide database and agency interface
  – Amount TBD based on business case

• Database design must accommodate unique needs of different users

• Participation and buy-in of all agencies/divisions will be needed for the effort to be a success
  – Agency staff work flow may have to be adjusted
Establish Centralized State Land Inventory Database

GEAR Board Action

• Board members should encourage agency staff to participate in requirements gathering to create business case for this project
• Board members should encourage agency staff responsible for real property to coordinate their activities with this effort
• Board members should enable adoption of new database tools and procedures as this effort is implemented
• Board should support requests for funding to develop and implement final centralized database – no estimates at this time, as the project needs to be scoped out
Senior Financial Officer Roundtable

• Membership
  – FSD Team constitutes the roundtable:
    o Secretary of Finance
    o Director of OMB
    o Controller General
    o State Treasurer
    o Auditor of Accounts
    o Chief Financial Officer of the Delaware Judiciary
    o Representative from school district business managers
  – Work team/focus group is the Financial Advisory Committee (FAC) established by the Division of Accounting (DOA) under DOF
    o Members consist of financial representatives from all State agencies
Senior Financial Officer Roundtable

• Overview
  – Issues
  o Significant accounting functions (purchase orders and payables, receivables and cash receipts) decentralized resulting in inconsistency in coding of expenses and revenues
  o Onerous processes – over time State developed numerous paper forms requiring multiple levels of agency approvals plus additional approvals from OMB & DOF Cabinet Heads (purchase order processes, accounts receivable write offs, missing receipt affidavits, etc.)
  o Travel expenses – State’s policies and procedures for approving and tracking travel costs are labor intensive and consume personnel resources for little benefit or savings and include a number of processes that require multiple approvals within the agency and OMB & DOA
  o Grants – State receives numerous federal grants that are managed by each department/division receiving the award with few common policies and procedures in place that benefit all grant managers
Senior Financial Officer Roundtable

• Overview
  – Objective
    o Ensure consistent use of State’s chart of accounts – revenue and expense account coding to produce reporting that is comparable for all agencies, especially for the school districts required to report under ESSA and SB 172
    o Reduce requirements for paper processing and review by cabinet officials for routine agency transactions, delays in processing due to multiple signature requirements can result in increased costs and create inefficiencies throughout all State agencies
    o Reduce the complexity of travel policies by establishing reasonable requirements for travel per diem and approval processes for lodging in excess of GSA rates
    o Create Statewide uniform internal control policies and procedures for common grant requirements to reduce audit findings and questioned costs in the annual single audit report
Senior Financial Officer Roundtable

• In Progress

– The FAC has established four subcommittees to focus on the specific areas and are working on the current projects:

  o Account coding - received worksheets from multiple agencies that have identified their specific purpose for each expense account, currently meeting to review and identify the appropriate use for each account, work is occurring in conjunction with DOE led school reporting effort

  o Onerous Processes – focus is on the purchase order process including potential increase to the purchase order threshold to be consistent with procurement, streamlining the after-the-fact purchase order process and establishing criteria for use of open order purchase orders

  o Travel – updating travel per diem policy using federal policy as guidance, investigating use of a travel management company for airline and lodging reservations (company incorporates federal GSA rate into their negotiations with hotels)

  o Grants – gathering policies and procedures from agencies with grants to assist in developing statewide policies and procedures
Senior Financial Officer Roundtable

• Next Steps
  – By the end of CY 2019, create one manual for all State organizations and school districts defining the purpose and use of revenue and expense accounts
  – Over the next 3 to 6 months revise the Budget and Accounting Policy Manual, where necessary, and communicate the changes and updates to policies and procedures for purchase orders and travel through the distribution of Accounting Memos
  – During FY 2020, contract with a travel management company consistent with GSA approved rates and reduce staff time spent booking travel
  – In the next 6 months, identify additional financial services processes and practices that can be improved
Senior Financial Officer Roundtable

• Challenges
  – Changing fragmented financial practices that have “worked” for individual State entities.
  – Transforming the current agency specific common practices for account coding to a statewide practice that will be consistently used

• GEAR Board
  – Support/endorsement of changes to State financial policies and practices throughout all State organizations and school districts.
  – Encourage participation in current or future initiatives which includes bringing new issues to the attention of the FAC
Travel Per Diem

• Overview
  – Reduce travel per diem complexity that leads to inefficiencies in use and enforcement compliance and auditing
  – Lead agencies: OMB (Sullivan) and DOF (Cole)
  – Part of Roundtable/Financial Advisory Committee work plan
  – Success to be measured in savings of processing / enforcement time and money
    • Estimated savings $800,000, i.e. salary cost x # travel reports
Travel Per Diem

• In Progress
  – Discussion: Provide reimbursement or a not to exceed per diem at GSA level or another set amount for meals and other costs. No cash advances.
  – PCard still preferred method of payment so must address access, receipts, travel insurance eligibility/assignment
  – Potential adjustments to reduce review paperwork: raise threshold for OMB/DOF review of missing receipt affidavits from $20 to $100 and threshold for OMB/DOF approval of lodging costs exceeding 150% of GSA rate

• Next Steps
  – Revising State’s travel policy to conform to policy changes, service delivery, approval practices
  – DOF/DOA and OMB/GSS contacting second potential corporate travel management vendor that may be interested in managing the State’s travel (primarily transportation and lodging)
  – Continuing explorations of Federal GSA and other state travel policies
Travel Per Diem

• **Challenges/Risks**
  
  – Engaging a travel management company is dependent upon the revision of the travel policy and awarding of new PCard contract
  
  – Not creating uniform travel policy across all State entities—State travel policy sets minimum standards, State entities will still develop their own policies and practices
  
  – Enforcement still an issue—how to ensure the per diem not exceeded or if not exceeded to keep travelers from keeping amounts not spent
PCard

• Overview
  – Increase PCard usage with reduction in employee reimbursements and issuance of checks/ACH to vendors
  – 2018 PCard Spend - $152.9M with $76.7M in card and $76.2M on the Single Use Account (SUA) an increase of $22.8M from 2017 with $3.9M in card and $18.9M SUA
  – Success to be measured in increased rebate and savings through check and ACH processing (each additional $25M of spend increases rebate $300K/0.01% increase)
PCard

• In Progress

– DOF working on finalizing new contract which will be effective April 1, 2019 and includes an increase in rebate percentage as a result of the joint RFP

– DOF will eliminate the separate travel and purchase cards to create efficiencies at both the agencies and DOF with a reduction in paperwork for change requests
Governmental Accountability Act

• **Current Status:**
  – SB 263 passed the Senate 19 Yes 2 Absent (June 21, 2018). Not considered by the full House. Need to start over in the current legislative session (began January 2019)

• **Action Plan:**
  – Agreement made with legislators to rerun bill in its current form (no revisions)
  – Director of OMB spoke to JFC co-chairs during JFC break, will be another meeting with members this week, goal to introduce and work bill this session
Governmental Accountability Act

• **Scope of Change**
  – Shift focus from budget books to the budget process
  – Annual budget process to be part of the performance management system, dedicated to continuous process improvement and making government more efficient, reducing costs, etc.
  – Performance metrics to be used to evaluate new programs and program enhancements by both Governor and Legislature (JFC)
  – Effective (full implementation) beginning with the FY 2022 budget process (starting Fall CY 2020)
Overview

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
Improve Data Integration & Mapping

In Progress

• Contracted UD-IPA to engage stakeholders in the State, research how geospatial governance is handled by other states, and evaluate previous Strategic Plans for Delaware.
• Contract will not start until July 2019 due to DelDOT budgetary constraints with their contract vehicle.
• Estimated the findings will be delivered by June 2020

Challenges

• Requirements gathering to determine the best path forward will take time
• Recommendations may require dedicated State funding and/or FTE

GEAR Board Action

• At a future time, once there are recommendations, we’ll need dedicated funding and GEAR Board and agency support to put the recommendations in motion. Funding amount is unknown at this time pending outcome from recommendations report.
Overview

Issues

The Counties are required to use the Delaware Population Consortium population projections for planning, grants, loans etc., but State agencies, school districts and other levels of government are not. This can lead to competing versions of future population projections as well as duplicated effort in creating various projections.
Delaware Population Consortium Projections

In Progress

- SB 7 “An Act to Amend Title 29 of the Delaware Code Relating to the Delaware Population Consortium”
  - Sponsors: Senators Hanson, Ennis, Sokola, Townsend; Reps Carson, Baumbach, Brady, Briggs-King, Q. Johnson, Matthews, Ramone, Viola
  - Introduced Senate 1/10/19, out of committee
  - Passed by Senate on March 5, 2019
  - Sent to House for consideration

Challenges

- Unforeseen issues that could arise through the legislative process

GEAR Board Action

- The continued support of the GEAR Board for this legislative effort
- Board members should encourage their agency staff and consultants to use DPC projections for all planning and budgeting purposes
- Board members should encourage agency staff to participate in DPC
Contractual Real Estate Support

Objective
Engage a vendor to implement best practices and to comprehensively manage the State’s Real Estate portfolio with the intent of generating long term savings.

Up to Date results
To date, renegotiated and newly negotiated leases have saved $4.4M over the respective terms of their leases. This represents an average of $93,000/yr across 6 locations. Much more work will be done!
Contractual Real Estate Support

Next Steps
Continue to meet with agencies, collect feedback and meet with the lessors.

Counter lessor offers with better lessee amenities, lower lease costs and where necessary, new locations.
IRAS - Integrated Revenue Admin System

- Replace DOR legacy infrastructure and (100+) systems with modern systems
- Improve security and provide better single view of the taxpayer
- RFP issued August’18
- Solution implemented in 3 major releases over 4 years
- 1,500 business and technical requirements to be implemented
- Oversight through clearly defined governance and project management processes
- Comprehensive software testing program
## IRAS – Current and Future States

<table>
<thead>
<tr>
<th>Current State</th>
<th>Future State</th>
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<tbody>
<tr>
<td>• Cyber attacks difficult to stop with aging technology</td>
<td>• More secure and safe</td>
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<tr>
<td>• Legacy tax applications mean in poor data/systems integration</td>
<td>• Built specifically to support statewide revenue collection</td>
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<tr>
<td>• Difficult to create accurate/consolidated reporting</td>
<td>• Single taxpayer view for customer and staff</td>
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<tr>
<td>• Specialized personnel needed to maintain outdated systems and languages</td>
<td>• Easier integrated application to support</td>
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<tr>
<td>• Labor intensive to make changes driven by legislation</td>
<td>• Architected for performance and scalability</td>
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<tr>
<td>• Single view of the taxpayer for staff difficult – even harder to create a single view for customer</td>
<td>• Significant business workflow efficiency</td>
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<td></td>
<td>• Modernized &amp; user friendly experience</td>
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IRAS - In Progress

<table>
<thead>
<tr>
<th>Process</th>
<th>Timeline</th>
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<tr>
<td>• Team working to improve current annual tax season processes. These</td>
<td>• RFP completed and issued on August 10, 2018</td>
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<tr>
<td>efficiency gains enable deeper IRAS resource deployment capabilities</td>
<td>• Vendor proposals received on November 7, 2018</td>
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<tr>
<td>• Team engaged in IRAS Contract/SOW development and negotiation with</td>
<td>• Proposal evaluations conducted from November 8 -</td>
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<tr>
<td>selected vendor</td>
<td>28, 2018</td>
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<tr>
<td>• Team engaged in 11 IRAS Readiness initiatives in order to ensure a</td>
<td>• Vendor demos conducted from January 28th to</td>
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<td>rapid project startup</td>
<td>February 7, 2019</td>
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<td></td>
<td>• Vendor Negotiations begun February, 2019</td>
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<td>• Contract (Scheduled May, 2019)</td>
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<td>• Project Launch July, 2019</td>
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IRAS Project Readiness Initiatives Underway

- Develop Contract/Statement of Work
- Project Plan Development
- External Interface Readiness
- Data Conversion Readiness
- Data Cleansing
- Tax Binder Readiness
- Business Process Task Force
- Forms Modernization and MeF Readiness
- Outbound Correspondence Quality Readiness
- Audit Review Readiness
- Dual System Data Synchronization
- Tax Type Decommissioning
IRAS – Critical Success Factors

• Team Capacity
  – Balancing modernization project readiness work with regular operational responsibilities and work load

• Contract/SOW
  – Ensuring that the contract protects the interests of the State

• Project Plan
  – Ensuring scope, timelines can be met with the resources allocated to the project

• Governance and Project Management
  – Ensuring a strong Governance and Project Management Office is properly implemented and actively measures and communicates project status and disposition in real time.
• Open Topics Discussion – Board

• Public Comment
Adjourn
Contact

Please direct any inquiries about the Delaware GEAR program to:

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Budget Development and Planning