

# Government Efficiency and Accountability Review (GEAR)

GEAR16 Board Meeting  
September 18<sup>th</sup> 2019



<https://gear.delaware.gov/><sup>1</sup>

# Agenda

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30 min

1. Introductions
2. Old Business
  - Review/approve minutes
  - 2019 Schedule
3. New business
  - GEAR team update
  - Annual Report

90 min

4. Deep Dives
  - Education
  - Financial Services Delivery
5. Open Topics discussion -- Board
6. Public Comment
7. Adjourn

# Old Business

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## Review/Approve Minutes from Prior Board meeting

*Sent to Board for review **September 5<sup>th</sup> and 9<sup>th</sup>, 2019***



# New Business

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## 2019 GEAR Board Schedule

Wednesday, January 17, 2019

9:00am to 11:00am

Haslet Armory, Conference Room 219

Tuesday, March 19, 2019

9:00am to 11:00am

Buena Vista, Buck Library

Wednesday, May 16, 2019

8:00am to 10:00am

Haslet Armory, Conference Room 219

Tuesday, July 16, 2019

9:00am to 11:00am

Buena Vista, Buck Library

Wednesday, September 18, 2019

10:00am to 12:00pm

Haslet Armory, Conference Room 219

Tuesday, November 19, 2019

8:00am to 10:00am

Buena Vista, Buck Library



# New Business

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## 2019 Deep Dive Schedule

Wednesday, January 17, 2019

Information Technology

GEAR

Tuesday, March 19, 2019

Education

Financial Services

Wednesday, May 16, 2019

DHSS & Healthcare

Criminal Justice

Tuesday, July 16, 2019

Information Technology

Human Resources

Wednesday, September 18, 2019

Financial Services

Education

Tuesday, November 19, 2019

DHSS & Healthcare

Criminal Justice

P3 – Public/Private Partnerships



# New Business

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## 2020 GEAR Board Schedule

**Wednesday, January 15, 2020**

10:00am to 12:00pm

Haslet Armory, Conference Room 219

**Tuesday, March 17, 2020**

9:00am to 11:00am

Buena Vista, Buck Library

**Wednesday, May 20, 2020**

8:00am to 10:00am

Haslet Armory, Conference Room 219

**Wednesday, July 15, 2020**

9:00am to 11:00am

Buena Vista, Buck Library

**Wednesday, September 16, 2020**

10:00am to 12:00pm

Haslet Armory, Conference Room 219

**Tuesday, November 17, 2020**

8:00am to 10:00am

Buena Vista, Buck Library

*Calendar invitations have been sent to all Board members and Designees*



# New Business

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## GEAR Team Update

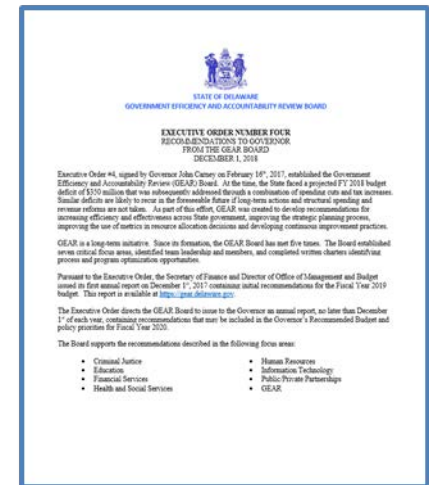
- **EdGEAR**
- **Financial Services team meeting**
- **GEAR P3 Innovation and Efficiency Award**
  - Planning for individual contributor category
- **GEAR P3 team meeting**
  - Planned activities for 2020
  - Expansion of GEAR P3 award
  - New strategic action for 2019+
- *IT Centralization update*
- *HR Consolidation update*
- *DNREC update*

# GEAR Annual Report

- Third annual GEAR report will be published in November
- Contains our continuous improvement recommendations for the Governor
- Emphasis is on quantifiable outcomes
- Narratives needed

## 2019 Schedule

Sept-Oct	Meet with agencies to review content contributions
Nov 7th	Draft completed, Board reviews
Nov 14th	GEAR Board review/approval
Nov 19 <sup>th</sup>	Final comments due from Board
Nov-21 <sup>st</sup>	Final version mailed to Board
Dec 1 <sup>st</sup>	Report posted on GEAR website





# GEAR Annual Report

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## Examples of Quantification

- Before vs After:
  - Total cost of operation
  - People time/hours or involved people count
  - Complexity reduction/simplification
  - Reduction in number process steps
  - Quality of service metrics
  - Velocity of process
  - Customer satisfaction
  - Reduction in errors
  - Return on investment
  - Fixed cost reduction
  - Top line growth
  - Increased competitive advantage
  - Asset reutilization
  - Raw materials volume or cost

# GEAR Annual Report

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## Narratives

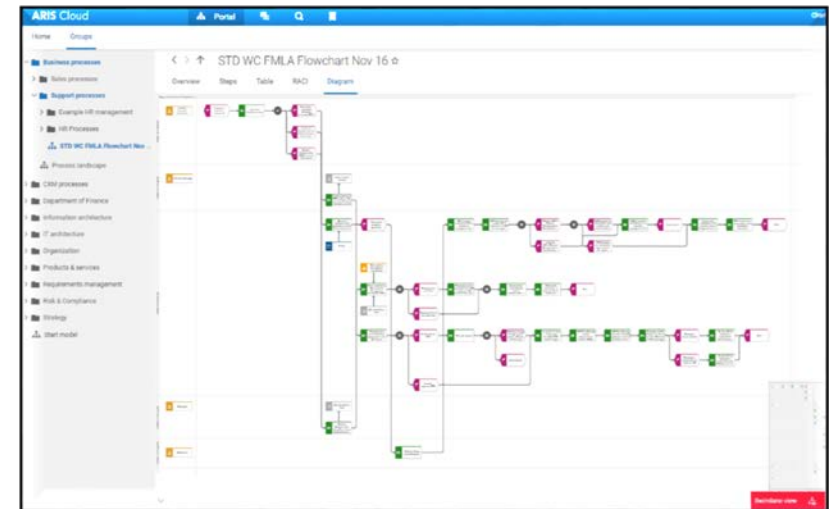
- Each major initiative should include a call-out narrative
  - Problem addressed
  - Proposed solution
  - Actual solution (if different)
  - Results described and quantified
- A concise one paragraph description that can be read as a talking point
- Supports executive summary section of report

# New Business

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## Process Modeling and Optimization

- GEAR implementing a standard for business process mapping
- Critical to helping understand the operations of an agency, department, or program
- Document current state, model process and resource optimizations
- Develop operation metrics to track improvements
- Engage organization to help make improvements
- Standard format and tool useable statewide
- Archived in the cloud therefore never lost



# Deep Dive

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## Education

# GEAR Projects - Education

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- Council on Educational Technology
- Data standardization for financial transparency
- EdGEAR
- Overview of Opportunity Fund

# Council on Educational Technology

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- 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

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- Overview
  - The Council includes members from DOE, DTI, districts, charters, OMB, CG
  - Progress since last Deep Dive
    - Purpose and vision statements ratified
    - Needs Assessment Subcommittee established
    - Discussions held on content filtering, Microsoft licensing, and switch replacement in the context of the budget process

# Council on Educational Technology

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- In Progress
  - Needs assessment
    - Establishing scope
    - Determining methodology
  - Establishing priorities
  - Identifying opportunities for improvements and/or savings
- Next Steps
  - Execute opportunities for immediate improvements and/or savings



# Council on Educational Technology

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- 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

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- 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 should be a clean and consistent way to map expenditures into required reporting categories

# Financial Reporting Data Standardization

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- 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

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- Progress since last Deep Dive
  - Expenditure account code standardization completed and implemented in FSF
  - Written guidance provided to districts/charters and made accessible to the public
  - School district and charter school financial staff trained in the use of the new codes
  - New codes in effect July 1, 2019
  - Meetings held to iron out minor unintended consequences

# Financial Reporting Data Standardization

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- In progress
  - Standardizing revenue account codes
  - Mapping what needs to be reported for ESSA, SB172, federal requirements
  - Working with DTI and Finance to greatly expand transaction-level expenditure data accessible by the public (Open Data)
- Next steps
  - Standardize/reorganize education job codes districts and charters use in PHRST
  - Replace the self-reported ESSA approach and legacy federal financial reporting with a formula-driven automated approach as far as is possible

# Financial Reporting Data Standardization

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- Challenges
  - SB172 and ESSA timelines mean FY2018 and FY2019 spending is self-reported by districts/charters before standard codes were fully in use (July 2019)
- GEAR Board
  - Coordination with other agencies with similar needs

# EdGEAR

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- Overview
  - GEAR-like organization under the leadership of the school districts and charter schools
    - Superintendents
    - Business Managers
- Progress since last Deep Dive
  - Initial membership established
    - District superintendents (2)
    - District CFOs (4)
    - Charter school Head of School (1)
    - GEAR staff
    - DOE staff
  - Two meetings held; lists of potential items to explore created

# EdGEAR

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- In Progress
  - Setting priorities among potential items
- Next Steps
  - Begin the actual work
  - Easy wins to prove the concept
- Challenges
  - Time
  - Diverse needs and capabilities
- GEAR Board
  - GEAR staff support (at least in the beginning)



# Opportunity Fund

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- Three-year investment of \$25M per year
  - \$20M based on English learner (EL) and low-income (LI) student enrollment
    - \$300 per LI student (~49K students)
    - \$500 per EL student (~13K students)
    - To enhance services to LI/EL students
  - \$5M based on meeting thresholds of EL/LI enrollment in schools ( $\geq 60\%$  LI or  $\geq 20\%$  EL)
    - To provide mental health services and/or additional reading supports

# Opportunity Fund

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- “Reorganized” (traditional geographically-based) districts can levy a match tax to extend the amounts available
- Districts and charters must submit a plan each year for use of funds
- Accountability and reporting
  - Leader check-ins with DOE
  - Evaluation will study effectiveness and impact
    - Academic growth, reduction of chronic absenteeism
  - Decision support for continuation and/or expansion
  - Lessons learned/best practices

# Deep Dive

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## Financial Services Delivery

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# Targeted Real Estate Lease Renegotiation

# Targeted Real Estate Lease Renegotiation

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## Overview

- The State of Delaware is engaged as tenant in a portfolio of 116 leases
- A comprehensive review of these lease, especially those set for expiration in 5 years will/has taken place. Goals include
  - reduced costs
  - environmental hygiene provisions
  - contacts for after hours communications
  - Carpet and paint refresh at regular intervals
- Additional leases (other than those expiring within 5 years) will be renegotiated in process

# Targeted Real Estate Lease Renegotiation

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## What Has Been Done

- Renegotiated Leases for DOL, DSCYF, DNREC, OMB, DOS, Elections, DOF, Office of Treasurer, JP Courts, and DSHS
- Current Accomplishments
  - Renegotiated Leases Range in Term Length from 10 to 20 years – 13 Years, on average
    - Hard Dollar Rent Savings Include \$17.3M, an average annual savings of \$1.3M
    - Soft Dollar Rent Savings are estimated at \$2.6M including improvements like paint, carpet, lot restriping, access control systems, etc, an average annual soft improvement upgrade of \$204k
- In Process
  - Renegotiating additional leases
    - Hard Dollar Rent Savings estimated additional \$6.6m (\$512k annual savings)
    - Soft Dollar Rent Savings are estimated at \$956k (\$72k annual savings)

# Targeted Real Estate Lease Renegotiation

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## Next Steps

- Identify Next Leases for Renegotiation or Upgrade
- Solidify Validity of Data Base for new leases going forward
- Assist in Training of new hire

# Targeted Real Estate Lease Renegotiation

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## Challenges

- Interest Rates Set by the Federal Reserve as Borrowed by Lessors
- Recognizing Partnerships in Real Estate and the Leverage that this Knowledge Could Create
- Fluctuations in Local Real Estate Availability, by County
  - Sensitivity to State Needs of Location to the Community They Serve



# Targeted Real Estate Lease Renegotiation

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## GEAR Board

- Access to DEFAC Meetings
  - Will Create Understanding of Economic Effect
    - How This Affect Will Effect Lessor for Borrowing
- Access to State Revenue Licensure Requests
  - Will Allow Recognition of Ownership Partnerships and Allow for Leverage When Negotiating Leases

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# OSPC

**Establish Centralized State Land Inventory Database**

# Establish Centralized State Land Inventory Database

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## Overview

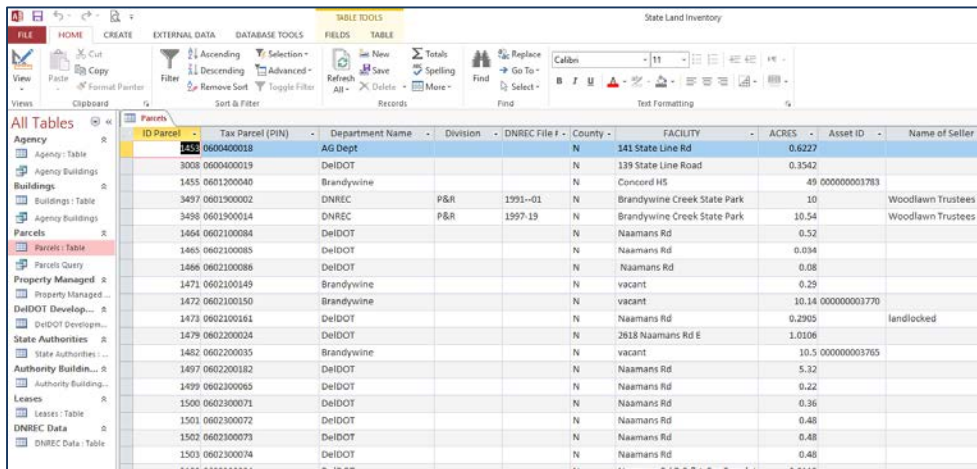
### Issues

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

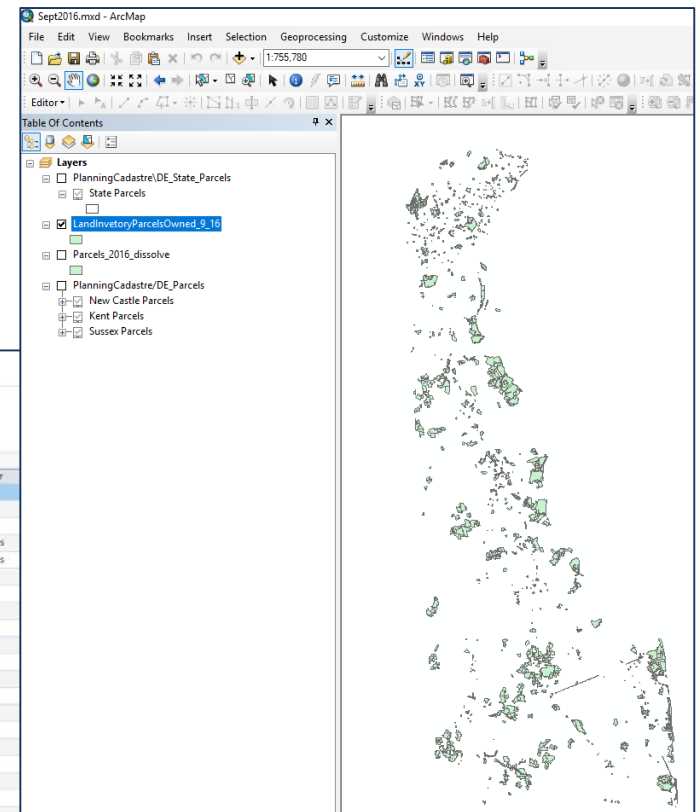
# Establish Centralized State Land Inventory Database

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



The screenshot shows the Microsoft Access interface for a database titled "State Land Inventory". The "Parcels" table is open, displaying a list of land parcels with columns for Agency, ID Parcel, Tax Parcel (PIN), Department Name, Division, DNREC File #, County, FACILITY, ACRES, Asset ID, and Name of Seller. The first row is highlighted in blue.

Agency	ID Parcel	Tax Parcel (PIN)	Department Name	Division	DNREC File #	County	FACILITY	ACRES	Asset ID	Name of Seller
Agency : Table	255	0600400018	AG Dept			N	141 State Line Rd	0.6227		
Agency Buildings	3008	0600400019	DeIDOT			N	139 State Line Road	0.3542		
Buildings	1455	0601200040	Brandywine			N	Concord HS	49.000000003783		
Buildings : Table	3497	0601900002	DNREC	P&R	1991-01	N	Brandywine Creek State Park	10		Woodlawn Trustees
Agency Buildings	3498	0601900014	DNREC	P&R	1997-19	N	Brandywine Creek State Park	10.54		Woodlawn Trustees
Parcels	1464	0602100084	DeIDOT			N	Naamans Rd	0.52		
Parcels : Table	1465	0602100085	DeIDOT			N	Naamans Rd	0.034		
Property Managed	1466	0602100088	DeIDOT			N	Naamans Rd	0.08		
Property Managed	1471	0602100149	Brandywine			N	vacant	0.29		
DeIDOT Develop...	1472	0602100150	Brandywine			N	vacant	10.14	000000003770	
DeIDOT Develop...	1473	0602100161	DeIDOT			N	Naamans Rd	0.2905		landlocked
State Authorities	1479	0602200024	DeIDOT			N	2618 Naamans Rd E	1.0106		
State Authorities	1482	0602200035	Brandywine			N	vacant	10.5	000000003765	
Authority Buildin...	1497	0602200182	DeIDOT			N	Naamans Rd	5.32		
Authority Building...	1499	0602200065	DeIDOT			N	Naamans Rd	0.22		
Leases	1500	0602200071	DeIDOT			N	Naamans Rd	0.36		
Leases : Table	1501	0602300072	DeIDOT			N	Naamans Rd	0.48		
DNREC Data	1502	0602300073	DeIDOT			N	Naamans Rd	0.48		
DNREC Data : Table	1503	0602300074	DeIDOT			N	Naamans Rd	0.48		
	1480	0603000084	DeIDOT			N	Naamans Rd P&R I State Road	0.3115		



# Establish Centralized State Land Inventory Database

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- Current Estimate from OSPC Data on State Land Ownership\*

County	Parcels	Acres
New Castle	845	37,333
Kent	603	38,573
Sussex	775	56,776
<b>Totals</b>	<b>2223</b>	<b>132,662</b>

State lands are 207 square miles, or 8.3% of State land area

DNREC is largest land owner with 1171 parcels

\*Estimates based on OSPC  
MS-Access database.

# Establish Centralized State Land Inventory Database

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## In Progress

- OSPC has hired the University of Delaware, Institute for Public Administration to gather requirements from stakeholder agencies on their methods for tracking and maintaining information on real property they own and/or manage.
- “Assessment of State Land and Facility Inventory Practices” was completed this summer. Final report available soon.
- Engaged agency stakeholders
  - 15 Agencies or Divisions
  - 17 Survey Responses
  - 12 Interviews
  - 20 Total individuals

# Establish Centralized State Land Inventory Database

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## Report Findings

- Current lack of authoritative inventory of State lands and facilities
  - Numerous datasets exist, with information collected and stored in forms and fashions fitting agency needs
  - Arriving at authoritative answers on State ownership requires case-by-case, cross-agency coordination
- Need to institutionalize inventory practices
  - Current agency practices benefit from key staff with significant tenures in their positions
  - Staff turnover likely to challenge cross-agency coordination on lands and facilities
- Current approach characterized by lack of security, transparency, and resiliency
  - Questionable integrity and interoperability of data stored in inconsistent formats on disparate IT platforms
  - Agency-level use of facility data currently prized over use of these data for strategic, statewide efforts

# Establish Centralized State Land Inventory Database

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## Recommendation

- Establish a central State land inventory and require all agencies to use it for the management of the State's real property portfolio.
  - **IT component:** a database accessible to all agencies, with functionality tailored to their business needs
    - Database would be integrated with our geospatial data platform (GIS / FirstMap)
  - **Management component:** agency business practices changed to use new statewide database
  - UD Report identified multiple examples of similar systems currently in use
    - Federal Real Property Profile database
    - Florida State Owned Lands and Records Information System
    - Oregon, Department of Administrative Services



# Establish Centralized State Land Inventory Database

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## Benefits

- Authoritative inventory of State lands and facilities
  - Core set of variables on lands and facilities available and updated across State government
  - “Eyes on data” likely to result in dataset that is more accurate and more useful
- Institutionalized, cross agency knowledge
  - Standard, cross-agency approaches yield practices resilient to staff turnover and unexpected disruptions
- Efficiencies in land and facility acquisition, reporting and disposition
  - Enhanced capabilities for data-driven prioritization and management of facility maintenance, re-use and adaptation, and new construction requests
  - Establish data-driven processes for disposition of State lands and facilities

# Establish Centralized State Land Inventory Database

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## Challenges, Barriers and Cautions

- Acceptability of status quo
  - Current, decentralized approach benefits from expertise of staff currently in key positions
- Initial and ongoing costs
  - IT platform acquisition
  - Staff training and coordination
- Need to integrate with management processes
  - Data sharing agreements to specify items to provide to centralized inventory
  - Incentive reporting through creation of data-driven facility management practices
  - System to dispose of land and facilities

# Establish Centralized State Land Inventory Database

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## Next Steps

- Finalize report
- Form core team of cross-agency stakeholders to guide project
- **Develop business case through DTI**
- Acquire funding to build and implement technology solution (database)
- Agencies to update management practices and commit to using new database

## GEAR Board Action

- We are requesting that the GEAR Board vote to enable OSPC to proceed with the DTI Business Case request

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# Senior Financial Officer Roundtable

## Travel and PCard Review

# Senior Financial Officer Roundtable Travel & PCard Review

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## Overview

- Travel
  - The State's policies and procedures for approving and tracking travel costs are labor intensive, consume personnel resources for little benefit or savings and include a number of processes that require multiple approvals within agencies and from OMB & DOA
  - Methods and sites for booking travel vary between agencies and the State has no consistent means to ensure compliance with policies and procedures or monitor expenditures
- PCard
  - The State's current daily pay cycle for checks/ACH payments is inefficient and impedes the ability to increase PCard volume. The State has greater fraud protection through the use of the PCard.
  - Some State organizations are reluctant to provide PCards to employees as a result of previously publicized cases of inappropriate use of the PCard. Greater transparency exists with the PCard than with personal reimbursements.

# Senior Financial Officer Roundtable Travel & PCard Review

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## Objectives

- Reduce the paperwork requirements dictated by State policies and procedures to create efficiencies for agency fiscal personnel
- Limit the requirement and thresholds for OMB & DOF/DOA approvals to reduce time and effort as well as delays in booking travel arrangements
- Create greater efficiencies and generate cost savings for all State agencies by exploring the use of a travel management company offering one stop services for common carrier and lodging facilities
- Reduce the current daily pay cycle for checks/ACH payments to weekly to encourage greater use of the PCard by agencies or the Single Use Account (SUA) by suppliers
- Reduce paperwork requirement imposed by the PCard policy requiring separate travel and purchase cards

# Senior Financial Officer Roundtable Travel & PCard Review

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## Completed

- The State concluded the PCard RFP and the contract was awarded to JP Morgan Chase effective April 1, 2019. With this new contract, the State eliminated the separate travel and purchase cards. Contract includes an increase in the rebate percentage with quarterly payments instead of annual payments to the State.
- Updated the Budget and Accounting Policy Manual, Chapter 11 Travel Policy and Chapter 12 Pcard for the following:
  - **Travel Per Diem**
    - Changed the meals & incidental allowances from a per day to per trip amount
    - Remove the requirement for itemized receipts for all meals less than \$10
    - Remove the requirement for submitting receipts for meals when using the Pcard
    - Raise the threshold for OMB and DOA advance approval of lodging exceeding the GSA rate
  - **Missing Receipt Affidavits**
    - Change the requirements for the approval process with only receipts exceeding \$100 requiring approval by OMB and DOA

# Senior Financial Officer Roundtable Travel & PCard Review

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## In Progress

- Travel - reviewing the services of a travel management company that provides the following advantages:
  - Provide all State agencies or schools with one site or service to book common carrier and lodging reservations at GSA rates
  - Allows agencies or schools who book multiple travelers on the same trip the ability to ensure all travelers can be scheduled for the same flight
  - Provides emergency assistance to change flights for weather delays or other unexpected occurrences
  - Provides dashboards and reporting at the department level along with statewide access based on agency hierarchy established by the State
- Pcard
  - OST and DOA are preparing a flyer for inclusion with check payments providing information on the SUA program
  - DOA jointly with JP Morgan Chase is working on an SUA recruitment plan with the State's suppliers



# Senior Financial Officer Roundtable Travel & PCard Review

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## Next steps

- Before the end of Fiscal Year 2020, contract with a travel management company offering GSA approved rates to reduce staff time spent booking travel
- Revise the State's Budget and Accounting Policy Manual Chapter 11 Travel Policy to coincide with the travel management company contract
- In conjunction with the banking changes, reduce the check/ACH payment cycle from daily to weekly during Fiscal Year 2021

# Senior Financial Officer Roundtable Travel & PCard Review

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## Challenges

- Changing fragmented financial practices that have “worked” for individual State entities.
- 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
- Revising the current FSF pay cycle from daily to weekly and getting buy-in of all agencies and suppliers

## GEAR Board

- Support/endorsement of changes to State financial policies and practices throughout all State Organizations and School Districts.
- Encourage participation in the Financial Advisory Committee to provide input into initiatives to create efficiencies in processes and procedures



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# **Senior Financial Officer Roundtable**

## **Onerous Processes and Account Coding**

# Senior Financial Officer Roundtable Onerous Processes

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## Onerous Processes

- **Issue** – Over time the State has 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.)
- **Objective** - Reduce the requirements for paper processing and review of 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
- **In progress** - focus is on the purchase order process including an increase in 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
- **Next steps** - revise the State's Budget and Accounting Manual, where necessary, and communicate the changes and updates to policies and procedures for purchase orders; identify additional financial services processes and practices that can be improved

# Senior Financial Officer Roundtable Account Coding

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## Account Coding

- **Issue** –Significant accounting functions (purchase orders and payables, receivables and cash receipts) are decentralized resulting in inconsistency in coding of expenses and revenues
- **Objective** - Ensure consistent use of the 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
- **In progress** – expenditure listing has been posted to the Division of Accounting’s website and work is underway in conjunction with DOE to develop consistent definitions for the revenue accounts
- **Next steps** – finalize the revenue account coding by calendar year end and continue to update revenue and expense codes annual, monitor accounts for appropriate use; and educate agency employees on proper usage of accounts

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# Banking Architecture Redesign

# Banking Architecture Redesign

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## Overview

- OST provides the State with transaction and cash management services ensuring sound fiscal stewardship over financial assets, systems, and processes
- A comprehensive review of the 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, the CMPB approved amending the banking architecture and issuing a comprehensive banking services RFP and a separate local bank RFP

# Banking Architecture Redesign

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## In Progress

- Executed banking services contract with JPMorgan, including the following services:
  - Electronic Collections, Disbursements, and Check Printing
  - Lockbox Services
- Initiated requirements gathering and project planning activities, focusing initially on DOL lockboxes and OST “concentration accounts”
- Partnering with DTI to determine technical solutions needed to establish connectivity between stored value card vendor, US Bank, and the State
- Initiated local bank contract negotiations following CMPB approval of the Evaluation Committee’s award recommendations



# Banking Architecture Redesign

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## Next Steps

- Finalize banking contract extensions with current providers
- Establish formal program structure, and begin drafting comprehensive implementation, testing, change management, and communications plans
- Launch communications plan to help inform and prepare impacted agencies for the upcoming changes (Sep/Oct)
- Finalize technical solutions with DTI and migrate existing stored value card programs to US Bank (Sep/Oct)
- Complete OST hiring, including dedicated project management and technical resources (Sep/Oct)
- Complete contract negotiations with local banks (Oct/Nov)

# Banking Architecture Redesign

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## Challenges

- Stored value card transition timelines are dependent on finalizing a technical solution for connectivity and encryption that is acceptable for both US Bank and the State
  - OST working closely with DTI and agency technical resources to resolve
- Complex and long-term statewide implementation requires additional OST resources with significant project management, technical, and/or banking experience
- Sustained participation of subject matter experts from State organizations is needed throughout the project lifecycle
- Improving banking behaviors and product usage may require training, education, and/or policy changes

# Banking Architecture Redesign

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## GEAR Board Requests

- Create awareness and promote the benefits within your respective agencies
- Consider the 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 Division of Accounting's Budget and Accounting Policy Manual (BAM)
- Prevent agencies from entering into separate banking agreements, as all contracts should be centralized within OST
- Please contact [Joshua.Berkow@delaware.gov](mailto:Joshua.Berkow@delaware.gov) with any questions or concerns

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# Merchant Services Modernization



# Merchant Services Modernization

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## Overview

- Merchant services is a collective term for the technology services that allow businesses to collect credit card payments
- The Office of the State Treasurer (OST) currently oversees the following functions of merchant services:
  - Payment gateways (online services) and credit card terminals
  - Payment processing through Bank of America Merchant Services (aka BAMS)
  - Payment Card Industry (PCI) security and compliance standards

+\$300 million is collected annually across +\$200 million transactions



# Merchant Services Modernization

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## In Progress

- OST recently assumed ownership of the payment gateway contract with Govolution from DTI (July, 2019)
- Payment Card Industry Security Standards
  - OST has retained payment card industry (PCI) data security vendor Campus Guard to provide assistance with 2019/2020 security assessments
  - OST has engaged DTI for security remediation support to state agencies as threats and vulnerabilities are identified through the assessment process that can be remedied asap
  - Current agreement with credit card companies is to have full compliance by 12/31/2020, though the State/Agencies may be liable for fines in the interim for non-compliance with security standards
- Launch of interagency working group with OMB, DOF, DOA, and DTI (August, 2019)

# Merchant Services Modernization

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## Next Steps

- Launch comprehensive consulting contract to the Cash Management Policy Board, OST, and State Agencies (October)
- Implement bi-monthly working group meetings to provide recommendations on legislation, regulations, and resources (October)
- Provide support and remediation to state agencies based on results of scanning/testing/assessment under PCI compliance protocols (October)
- Launch comprehensive merchant services assessment/study (December – January)

# Merchant Services Modernization

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## Challenges

- Complex and long-term statewide implementation requires additional resources with significant project management, technical, and merchant services experience
  - OST's FY 21 budget request includes 1 additional BP, and funding for consulting/upgraded technology for state agencies
- Ongoing liability of a data breach, fines, diminution of reputation, or loss of acceptance of specific credit card brands
- Sustained participation of subject matter experts from state organizations is needed on a permanent basis
- Improving payment card industry compliance behaviors and product usage requires training, education, and legislative/policy changes



# Merchant Services Modernization

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## GEAR Board Requests

- Create awareness and promote the benefits within your respective agencies
- Identify agency resources to serve as subject matter experts
- Use OST/DTI as a resource when entering into merchant services agreements, as all new contracts should be reviewed with OST/DTI
- Learn more online at:  
<https://treasurer.delaware.gov/banking/pci-project/>
- Please contact [Daniel.madrid@Delaware.gov](mailto:Daniel.madrid@Delaware.gov) and [Liza.davis@Delaware.gov](mailto:Liza.davis@Delaware.gov) with any questions or concerns

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# Delaware Governmental Accountability Act (GAA)

# Governmental Accountability Act

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## Current Status

- January 2019 agreement made with legislators to rerun SB 263 in its current form (full implementation moved back to FY 2023)
- May 2019 bill reintroduced as HB 133
- June 2019 HB 133 passed the House unanimously. Voted out of Senate Elections, Government and Community Affairs Committee but not brought to the Senate floor for final vote.

## Action Plan

- Unlike last year, HB 133 is not dead, it can be acted on by the Senate when the General Assembly reconvenes in January 2020. Plan is to work the bill in the coming legislative session.

# Governmental Accountability Act

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## 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 2023 budget process (starting Fall CY 2021)

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# OSPC

## Improve Data Integration and Mapping

# Improve Data Integration and Mapping

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## Status Update

- DeIDOT has approved a \$76,478 contract with UD-IPA under their State Planning Resource Program and they will fund this work.
- A kick off meeting with key stakeholder agencies is scheduled for September 11. This will be the core group of decision makers
- Additional engagements will be made with GIS users within agencies to further discover needs for GIS coordination
- UD-IPA is the process of researching coordination efforts from surrounding states and the nation

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# OSPC

**Require all State Agencies to use Delaware  
Population Consortium Projections**

# Require all State Agencies to use Delaware Population Consortium Projections

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## Status Update

- Legislation SB 7 passed on April 18, 2019
- Governor Carney signed the legislation May 14, 2019
- The Delaware Population Consortium (DPC) has a draft of new by-laws and will be ready to implement when law takes effect in November 2019



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# **IRAS**

## **Integrated Revenue Administration System**

# IRAS - Integrated Revenue Admin System

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- Replace DOR legacy infrastructure and (100+) systems with modern systems
- Improve security and provide better single view of the taxpayer
- 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
- Project kickoff occurred on July 15, 2019
- Currently in Release 0 – Project Planning and Initiation

# IRAS – Current and Future States

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## Current State

- Cyber attacks difficult to stop with aging technology
- Legacy tax applications mean in poor data/systems integration
- Difficult to create accurate/consolidated reporting
- Specialized personnel needed to maintain outdated systems and languages
- Labor intensive to make changes driven by legislation
- Single view of the taxpayer for staff difficult – even harder to create a single view for customer

## Future State

- More secure and safe
- Built specifically to support statewide revenue collection
- Single taxpayer view for customer and staff
- Easier integrated application to support
- Architected for performance and scalability
- Significant business workflow efficiency
- Modernized & user friendly experience

# IRAS - In Progress

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## Process

- Currently in Release 0 (zero) – Project Planning and Initiation
- Developing 29 core deliverables that will be used to set the standards for the project
- Validating and clarifying the 1500 project requirements
- Conducting orientation sessions to educate staff as to the project objectives and processes
- Implementing Organizational Change Management to prepare the IRAS stakeholders for the new system.

## Timeline

- Release 0 – Project Planning and Initiation (July 15, 2019 to September 30, 2019)
- Release 1 – Business Licenses and Gross Receipts Tax (October 1, 2019 to September 30, 2020)
- Release 2 – Personal Income Tax (October 1, 2020 to September 20, 2021)
- Release 3 – Corporate Income Tax (October 1, 2021 to September 30, 2022)

# Detailed Release Scope - 3 Releases in 39 Months

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## Release 1 - 2020

- Business Related Taxes
  - Business licenses
  - Gross receipts
  - Commodities Tax
- Trust Fund Taxes
  - Withholding Tax
  - Use Tax on Leases of Tangible Personal Property
  - Realty Transfer Tax
  - Public Accommodation Tax
  - Public Utilities Tax
  - E-911 Surcharge
  - Manufactured Home Trust Fund Payments

## Release 2 - 2021

- Income Taxes - Personal Income Tax
- Estate Tax

## Release 3 - 2022

- Income Taxes
  - Pass-Through Entities - Partnerships
  - Pass-Through Entities - Fiduciary Income Tax - Estates and trusts
- Corporate income tax
  - Headquarters Management Corporation, in lieu of corporate income tax
  - Pass-Through Entities - S corporations

# IRAS – Critical Success Factors

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- 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

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# Contact

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