

Report on Shared Services

Department: Finance and Administration (DFA)

Secretary: Larry W. Walther

The purpose of this report is to provide an analysis and action plan for shared services, that is staff or support services shared across the entities within the Cabinet Department. This analysis will assist in the formulation of the plan for this report to the Governor on how to achieve greater efficiency (including cost savings) and effectiveness as it relates to this topic. This work should take into consideration the state of the Department as a whole and the state of each constituent agency, board, and commission.

Background Information:

DFA historically and currently operates on a platform similar to the shared services model for the 15 Cabinet Level Departments.

Since 2015, DFA has achieved efficiencies with the shared services model through the mergers of Arkansas Building Authority and Arkansas Lottery. The Arkansas Building Authority was able to reduce its operating budget by over \$1 million per year. The Division surrendered 19 positions totaling more than \$980,000, and the budget for maintenance and general operations was lowered by over \$126,000 annually. Arkansas Lottery accomplished efficiencies through a reduction of 16 positions.

Revenue Office tag renewal services were available online in the beginning of 2015. By 2018 more than 20 additional services were offered by DFA on mydmv.arkansas.gov and arstar.arkansas.gov including the registration of vehicles online. Additional examples of online services include ordering a duplicate license or registration, transferring vehicle ownership, requesting a variety of records, and pre-registering for a first-time driver's license. DFA will continue to make additional services available online. DFA has drastically increased total collections for revenue recovery by utilizing several strategies: garnishments, a dedicated lawyer, metrics to target collectable debt, and call time monitoring for staff to increase collections.

DFA will continue to work with the Department of Transformation and Shared Services to ensure we are constantly working toward the same vision of savings, efficiencies and shared services model opportunities.

Questions	Responses
<p>1. After a thorough analysis of shared services within your department, identify all opportunities for more efficient and effective delivery of services and for cost savings.</p> <p>Consider short-term, mid-term, and long-term opportunities.</p>	<p><u>Opportunity 1: Shared Fiscal Administrative Resources Department Wide</u></p> <p><u>1.1 Summary</u> Currently all DFA divisions, except Office of Child Support Enforcement (OCSE) and newly acquired agencies, Arkansas Tobacco Control (ATC) and Assessment Coordination Department (ACD), have a combined Accounts Receivable, Accounts Payable, Procurement, Asset Management, Budget and Accounting functions.</p> <p>Employees related to these functions will be relocated to DFA Management Services offices in the DFA 1509 / 1515 building to better serve the Cabinet Department as cross-training and information transfer is completed.</p> <p><u>1.2 Plan Overview:</u></p> <ul style="list-style-type: none"> • <u>Inventory of Current Staff and Resources:</u> The first step is to identify the capacity/skills within Management Services to absorb functions with existing staff. • <u>OCSE</u> - The Department created a team to identify areas that can be absorbed by DFA Management Services without causing disruption to OCSE’s Federal Cost Allocation Plan. Management Services is currently processing payments tied to purchase orders and will be working towards processing direct invoice payments. • <u>Absorbed Offices/Divisions</u> - The Department is evaluating the fiscal support needs of the divisions/programs absorbed by the Department as well as the skills of the staff. Fiscal staff will be relocated to DFA Management Services offices in the DFA 1509 / 1515 building. Once the needs of the offices and skillset of new employees are identified, the department will begin assigning duties across the shared services staff to ensure the best utilization of staff time. Duties and processes will be continuously reviewed. <p><u>1.3 Potential Obstacles:</u></p> <ul style="list-style-type: none"> • <u>OCSE’s Federal Cost Allocation Plan.</u> The Department will ensure that these changes do not cause conflict

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	<p>with the Federal Granting Agency or lead to a less efficient use of state or federal funding.</p> <ul style="list-style-type: none"> • <u>Current Process Variations:</u> The complexities of streamlining the various methodologies and procedures could pose potential delays in implementation of the shared services model. As time progresses, the Department will correct common cause variations as processes are improved and aligned. <p><u>1.4 Potential Cost:</u></p> <ul style="list-style-type: none"> • No anticipated potential cost. <p><u>1.5 Implementation Timeline:</u></p> <p><u>OCSE:</u></p> <ul style="list-style-type: none"> • Currently Underway: <ul style="list-style-type: none"> ○ Management Services staff is working with OCSE staff to develop a plan for transitioning direct pay invoices to Management Services staff. ○ Centralizing current OCSE staff to support direct pay function. ○ Reviewing the Public Assistance Cost Allocation Plan (PACAP) to determine any changes that need to be made due to the full implementation of the shared services model. • Fall 2019: <ul style="list-style-type: none"> ○ The Department will submit any necessary changes to the PACAP. • Winter 2019: <ul style="list-style-type: none"> ○ Full implementation of the shared services model. <p><u>Absorbed Divisions/Programs:</u></p> <ul style="list-style-type: none"> • Currently Underway: Management Services staff is working with ACD and ATC to develop a plan for transitioning Accounts Receivable, Accounts Payable, Procurement, Asset Management, Budget/Accounting, and centralizing current division staff to support these functions.

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	<ul style="list-style-type: none"> • Fall 2019: Full implementation of the shared services model. <p><u>1.6 Measuring Success:</u></p> <p>The following are potential measurements of success:</p> <ul style="list-style-type: none"> • Cost savings to federal and state funding. • Savings in leased space due to combining functions across divisions. • Potential for reducing staff size by attrition. • Time savings by cross training staff across divisions. • Standardizing business processes with OCSE, ATC and ACD. • Faster processing of invoices. <p><u>Opportunity 2: Shared Human Resources Department Wide</u></p> <p><u>2.1 Summary</u></p> <p>The Department will continue the current combined Human Resources model and integrate the functions for the newly acquired divisions, Assessment Coordination Department (ACD) and Arkansas Tobacco Control (ATC), as well as incorporating the Office of Child Support Enforcement (OCSE). Additionally, work has begun on reviewing processes and working toward increased uniformity across all divisions on the following:</p> <ul style="list-style-type: none"> • Recruiting • Advertising • Benefit Coordination • Payroll Processing • Continue advancements towards digitizing personnel files/forms • Training for DFA Employees <p><u>2.2 Plan Overview:</u></p> <p>The Department is developing more unified human resource services across all divisions.</p> <p>The first steps are to inventory current processes and resources; centralize staff; and develop agency-wide procedures with input from each of the divisions.</p>

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	<ul style="list-style-type: none"> • OCSE: Meetings are currently taking place to begin transitioning all human resource functions to DFA Human Resources. Processes will be established for onboarding, recruiting, and disciplinary actions. • ATC and ACD: These offices were previously Service Bureau Agencies whose functions will be absorbed by existing DFA staff. <p><u>2.3 Potential Obstacles:</u></p> <ul style="list-style-type: none"> • OCSE’s Federal Cost Allocation Plan: The Department will ensure changes do not cause conflicts with the Federal Granting Agency or lead to a less efficient use of federal and state funding. • The Manual Nature of Processes: Current processes are time consuming and involve large amounts of paperwork. Efficiencies are in part dependent on automating these processes. <p><u>2.4 Potential Cost:</u></p> <ul style="list-style-type: none"> • Training • Moving expenses • Technology updates <p><u>2.5 Implementation Timeline:</u></p> <ul style="list-style-type: none"> • Currently Underway: <ul style="list-style-type: none"> ○ Management Services staff is working with OCSE, ACD, and ATC to develop a plan for transitioning human resource functions. ○ Centralizing current division staff to support human resource function. ○ Reviewing the Public Assistance Cost Allocation Plan (PACAP) to determine any changes that need to be made. • Fall 2019: <ul style="list-style-type: none"> ○ OCSE Human Resource staff will be physically relocated to the 1515 building. • Winter 2019: <ul style="list-style-type: none"> ○ Review Arkansas ATC and ACD processes.

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	<ul style="list-style-type: none"> ○ Transition of functions currently being performed by the Office of Personnel Management to DFA Human Resources. ● Spring 2020: <ul style="list-style-type: none"> ○ Conduct internal supervisory training to ensure policies and practices are uniform. <p><u>2.6 Measuring Success:</u></p> <ul style="list-style-type: none"> ● Cost savings to federal and state funding ● Attrition ● Successful merger of divisions and elimination of duplicate processes <p><u>Opportunity 3: Utilizing Economies of Scale to Find Efficiencies on a Division Level</u></p> <p><u>3.1 Summary</u></p> <p>The Department is working toward the reorganization of offices to align areas with like functions under uniform supervision. The Department believes this will maximize economies of scale and help to continually identify areas of savings and efficiencies.</p> <p>Examples include:</p> <ul style="list-style-type: none"> ● The realignment of the Department’s regulatory functions under the Regulatory Administrator. ● The realignment of DFA’s inward facing divisions under the Chief of Staff/Chief Fiscal Officer. ● The reorganization of the offices and divisions that serve the state agencies under the State Comptroller. ● The incorporation of Assessment Coordination Department and Franchise Tax (2021) into the Division of Revenue under the Revenue Commissioner. <ul style="list-style-type: none"> ○ Within the Division of Revenue, merging of Offices of Motor Vehicles and Driver Services. <p><u>3.2 Plan Overview:</u></p> <p>The Department is unifying like offices/programs under the same leadership.</p>

Questions	Responses
	<p>The Department has developed a new organizational chart that will be introduced in September 2019, to better organize the Department around these economies of scale.</p> <ul style="list-style-type: none"> • Regulatory Functions: The Administrator of Regulatory Functions has already begun assessing the combined resources of Arkansas Tobacco Control (ATC), Alcohol Beverage Control Enforcement (ABC – Enforcement), Alcohol Beverage Control Administration (ABC-Administration), Racing Commission and Medical Marijuana Commission. The merger of these regulatory functions will equip the Department to better serve the industries it regulates. It will also lead to a more efficient use of state resources. • Key steps for the reorganization of the regulatory function include: <ul style="list-style-type: none"> ○ Rollout of new organizational chart ○ Cross training officers in both tobacco and alcohol enforcement ○ Creating a specialized team for marijuana enforcement ○ Physical relocation of all offices under the Regulatory Administrator to the same location. ○ Rollout of ATC’s record management system to ABC-Enforcement and ABC-Administration and Medical Marijuana Commission ○ Develop metrics to measure officers’ performance • Division of Revenue Services: The Department will incorporate the Division of Assessment Coordination and Franchise Tax (2021) under the supervision of the Revenue Commissioner. • Merger of Offices of Motor Vehicles and Driver Services Administration into the Office of Motor Vehicles and Driver Services (MVDS). The merger of these two offices will lead to a more customer service-oriented experience for taxpayers and more efficient use of state resources. <ul style="list-style-type: none"> ○ The Department has already begun the process of combining the two offices under one administrator. • Key steps for the MVDS Merger:

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	<ul style="list-style-type: none"> ○ Offering online services for both offices ○ Cross training all staff to elevate customer service and to address fluctuating demands <p><u>3.3 Potential Obstacles:</u></p> <p>Regulatory Function cost allocation model to support the combined functions. The Department is reviewing the funding streams of the newly acquired departments and programs to ensure compliance with the law, and the best utilization of state resources.</p> <p><u>3.4 Potential Cost:</u></p> <p>While there are potential costs associated with these changes, the Department will look within to offset expenses.</p> <p>An example of this is ATC’s record management system. The Department’s own technology staff believe they can maintain ATC’s system at a lower cost. This will allow the Department to discontinue the use of ABC– Administration’s and ABC- Enforcement’s current systems, and implement ATC’s system Department wide for no additional cost.</p> <p>Potential areas for one-time costs include the following:</p> <ul style="list-style-type: none"> ● Resources required to cross train staff ● Moving expenses ● Updates to technology <p><u>3.5 Implementation Timeline:</u></p> <p>Regulatory Functions Merger</p> <ul style="list-style-type: none"> ● Currently underway: <ul style="list-style-type: none"> ○ Rollout of new organizational chart ○ Cross training enforcement officers ○ Migration of Medical Marijuana Officers with the Criminal Investigation Unit to create a specialized resource for Marijuana Enforcement

Questions	Responses
	<ul style="list-style-type: none"> ○ Working with technology staff to expand the Record Management system for use by Alcohol Beverage Control ● Fall 2019: <ul style="list-style-type: none"> ○ Relocate all enforcement officers to a central location ○ Develop metrics for assessing enforcement officer’s performance ● Winter 2019: <ul style="list-style-type: none"> ○ Completion of the Record Management system expansion to Alcohol Beverage Control ● Summer 2020 <ul style="list-style-type: none"> ○ Complete cross training for enforcement officers ● Long Term: <ul style="list-style-type: none"> ○ Have a central location for all the Regulatory Function Offices under the Regulatory Administrator including: ATC, ABC - Enforcement, ABC - Administration, Medical Marijuana Commission and Racing Commission ○ Add Medical Marijuana to the Record Management system <p>MVDS Merger</p> <ul style="list-style-type: none"> ● Completed <ul style="list-style-type: none"> ○ Consolidate both offices under one administrator ○ Offer online services for both offices ○ Cross train online services staff ○ Relocating supervisors to facilitate and assist with the cross training of staff ● Currently underway: <ul style="list-style-type: none"> ○ Cross train central office staff ○ Cross training the call center staff that serve the Revenue Offices ○ Cross training the call center staff who answer the public’s questions directly. ● Spring 2020 <ul style="list-style-type: none"> ○ Complete the cross training for all employees. ○ Begin to shift the cross trained staff to help cover seasonal demands. ● Long term

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	<ul style="list-style-type: none"> ○ Centralizing the two call centers that serve Revenue Offices' staff. <p><u>3.6 Measuring Success:</u></p> <p><u>Regulatory Functions</u></p> <p>The successes from the merger of the Department's regulatory function will be apparent by the increases in efficiency of services to the regulated industries as well as better utilization of the State's resources.</p> <p>The Department will have access to measurables, including the following:</p> <ul style="list-style-type: none"> ● Number of Inspections & Compliance Checks: The number of inspections or compliance checks per officer can be tracked via the Record Management system. This number supplies the Department with valuable information to ensure efficient use of officers' time and efficient use of the industry's time. Now that officers are cross trained, they can conduct dual investigations/compliance checks for a location, generating savings for both the state and the industry. ● Mileage Reimbursement Expenses: Due to the cross training of the officers there should be a reduction in mileage reimbursement expenses. This will be the result of both dual visits and of more agents covering the state. Previously, the entire state was divided among a handful of tobacco agents. Now that officers are conducting dual visits, their assigned coverage areas are smaller. ● Trackers on the Vehicles: Trackers on the officers' vehicles are a safety precaution. However, they can also be used to ensure transparency and the efficient use of the state's resources. ● Fewer Contacts for the Industry: With the capacity for dual services, a business will now have a single contact for both alcohol and tobacco enforcement questions. <p><u>MVDS Merger</u></p> <p>Successes from the Department's merger of the Offices of Motor Vehicle and Driver Services will be measurable by enhanced customer service. The consolidated model will help</p>

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	<p>provide more convenient, timelier, and more accurate services to citizens.</p> <ul style="list-style-type: none"> • Turnaround times for services: Due to cross trained staff, turnaround times for services will improve for the office’s services. The flexibility to shift staff to respond to areas of high demand will help normalize turnaround time. An example of this is the increased boat registration seen in spring. Staff could be reassigned from slower areas to cover the influx and prevent any backlogs. • Wait time in the revenue offices: Due to both online services and cross trained staff, the wait times at revenue offices will improve. With services available online, the number of citizens utilizing the revenue offices will decrease. For those citizens who still choose to use the revenue offices, wait times will also be reduced due to cross trained centralized staff who can help front line staff more efficiently serve the public. • Timelier and more accurate information: Cross trained staff will be better equipped to answer questions and problem solve than before. This will result in fewer transfers, taken messages, or multiple contacts for question resolution. <p><u>Opportunity 4: Other Department Wide Resources</u></p> <p><u>4.1 Summary</u></p> <p>The Department is reviewing how to maximize utilization of some of its resources for not just the newly added divisions and programs but also for existing programs. These include:</p> <ul style="list-style-type: none"> • IT Services • Mail Room & Print Shop • Leases & Utilization of Space <p><u>4.2 Plan Overview:</u></p> <ul style="list-style-type: none"> • The Department is currently reviewing the cost associated with printing, mail services, technology, and leases with-in the newly acquired divisions and programs.

Questions	Responses
	<ul style="list-style-type: none"> ○ An area where savings have been identified is Tobaccos Control’s (ATC) record management system. The Department’s own technology staff believe they can maintain ATC’s system at a lower cost. This will allow the Department to discontinue the use of ABC– Administration’s and ABC- Enforcement’s current systems and implement ATC’s system Department wide for no additional cost. • The Department is also currently reviewing some of its technologies that serve all state agencies for a cost benefit analysis to see if upgrades/replacements may generate a statewide savings. <ul style="list-style-type: none"> ○ Planning Budgeting and Administrative System (PBAS) is the chief example of this. The Department is working to determine if updates can be made to improve the system, or if a complete overhaul of the system will lead to efficiencies for the State. <p><u>4.3 Potential Obstacles:</u></p> <ul style="list-style-type: none"> • Timing System upgrades / replacement <p><u>4.4 Potential Cost:</u></p> <ul style="list-style-type: none"> • Under review <p><u>4.5 Implementation timeline:</u></p> <ul style="list-style-type: none"> • Long-term <p><u>4.6 Measuring Success:</u></p> <ul style="list-style-type: none"> • Developing metrics
<p>2. Develop a plan to implement the efficiency opportunities identified above.</p> <p>What are the key elements and action steps of your plan?</p>	<p>Refer to Question 1. A Plan Overview is outlined under each opportunity header.</p>

Questions	Responses
<p>3. Identify any obstacles to the implementation and success of this plan.</p>	<p>Refer to Question 1. Obstacles are outlined under each opportunity header.</p>
<p>4. Are there any anticipated costs associated with the plan?</p>	<p>Refer to Question 1. Potential costs are outlined under each opportunity header.</p>
<p>5. What is the detailed implementation timeline for this plan?</p> <p>How will you track your progress?</p>	<p>Refer to Question 1. A time table is outlined under each opportunity header.</p>
<p>6. How will you measure the success and results of your plan? Include detailed forecasts of cost savings, efficiencies achieved, etc.</p>	<p>Refer to Question 1. Metrics for measuring success are outlined under each opportunity header.</p>
<p>7. How could the Department of Transformation and Shared Services provide support to the Department?</p>	<p>The Following are Suggestions for support from the Department of Transformation and Shared Services:</p> <ul style="list-style-type: none"> • Statewide Recruitment Initiative – Development of statewide recruiting efforts to attract potential employees that will continue to build and improve the state workforce. (i.e. internship programs, social media marketing, statewide job fairs.) • Statewide On-Boarding Tools – Streamline and digitize the new hire process for employees, as well as a standardized orientation process. • Statewide Succession Planning – Guidance or statewide policy allowing agencies the flexibility to implement succession planning with existing staff and resources. Currently, agencies must utilize various methods to piecemeal position opportunities for succession training. In order to grow and build the state workforce, the ability to identify and plan for retirements/losses of critical positions will ensure continuity and improvement of services provided.

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	<ul style="list-style-type: none"> • Training Opportunities – A statewide training program offering coursework tailored to the various career paths will serve as a tool to build and grow the skillset of the existing state workforce. • Statewide Technology Partnerships – Partnerships with other departments to implement their existing systems statewide. i.e. Department of Education’s electronic travel reimbursement system Travel, and Expense Management System (TEMS). Centralized digital security, to ensure the security of all state databases and systems. • Statewide Procurement Processes for Department Purchases – Develop standardized processes and guidance to support streamlined procurement processes. • Statewide Capital Planning – A statewide capital planning process, with a repository of state-owned spaces, availability, maintenance and improvement plans, which will be utilized in the planning and budgeting process to ensure efficient use of capital resources. • Statewide Newsletter – A monthly or quarterly newsletter to all state employees, highlighting news from Departments across the State, transformation successes, trainings and other opportunities for employees.