Statutory Requirements
House Bill 2, Chapter 224, Laws of 2011

224:85 Department of Administrative Services: Consolidation of Certain Business Processing Functions.

I. The commissioner of administrative services, with the prior approval of the fiscal committee of the general court and the governor and council, is authorized to make such transfers of appropriation items and changes in allocations of funds available for operational purposes to the department of administrative services, from any other agency, as may be necessary or desirable to effectuate the efficient consolidation of business processing functions within state government. Such business processing functions shall include (i) accounts receivable, (ii) accounts payable, (iii) collection of fines, penalties, fees, restitution, remittances, and other moneys due to the state, and (iv) such other finance and accounting functions and transactions the commissioner of administrative services determines would achieve substantial efficiencies from consolidation.

III. The commissioner of administrative services is authorized to establish the number of total personnel required for business processing functions in the executive branch of state government and, with the prior approval of the governor and council, is authorized to eliminate unnecessary positions and to transfer to the department of administrative services any position in another agency identified by the commissioner of administrative services as necessary or desirable to effectuate the efficient consolidation of business processing functions within state government. Such transfers shall include the transfer of all associated books, papers, records, personnel files, and equipment, including but not limited to work station and information technology equipment, and shall include the transfer of any unexpended appropriations for any of the foregoing, as well as any unexpended appropriations for salary/payroll, benefits, support costs, or any other costs associated with the transferred personnel.

IV. The commissioner of administrative services may locate personnel whose positions have been transferred in such work spaces as the commissioner determines will efficiently effectuate the consolidation of business functions. Such work spaces may include either space currently owned or rented by the state, or space which may be rented by the commissioner utilizing amounts which may be saved by the state as the result of the consolidation of human resources and payroll functions.

V. The consolidation of business processing functions shall achieve a savings in the fiscal year ending on June 30, 2012 of no less than $352,000 in total funds and $88,000 in general funds, and savings in the fiscal year ending on June 30, 2013 of $1,000,000 in total funds and $250,000 in general funds.

Consolidation Options 2011

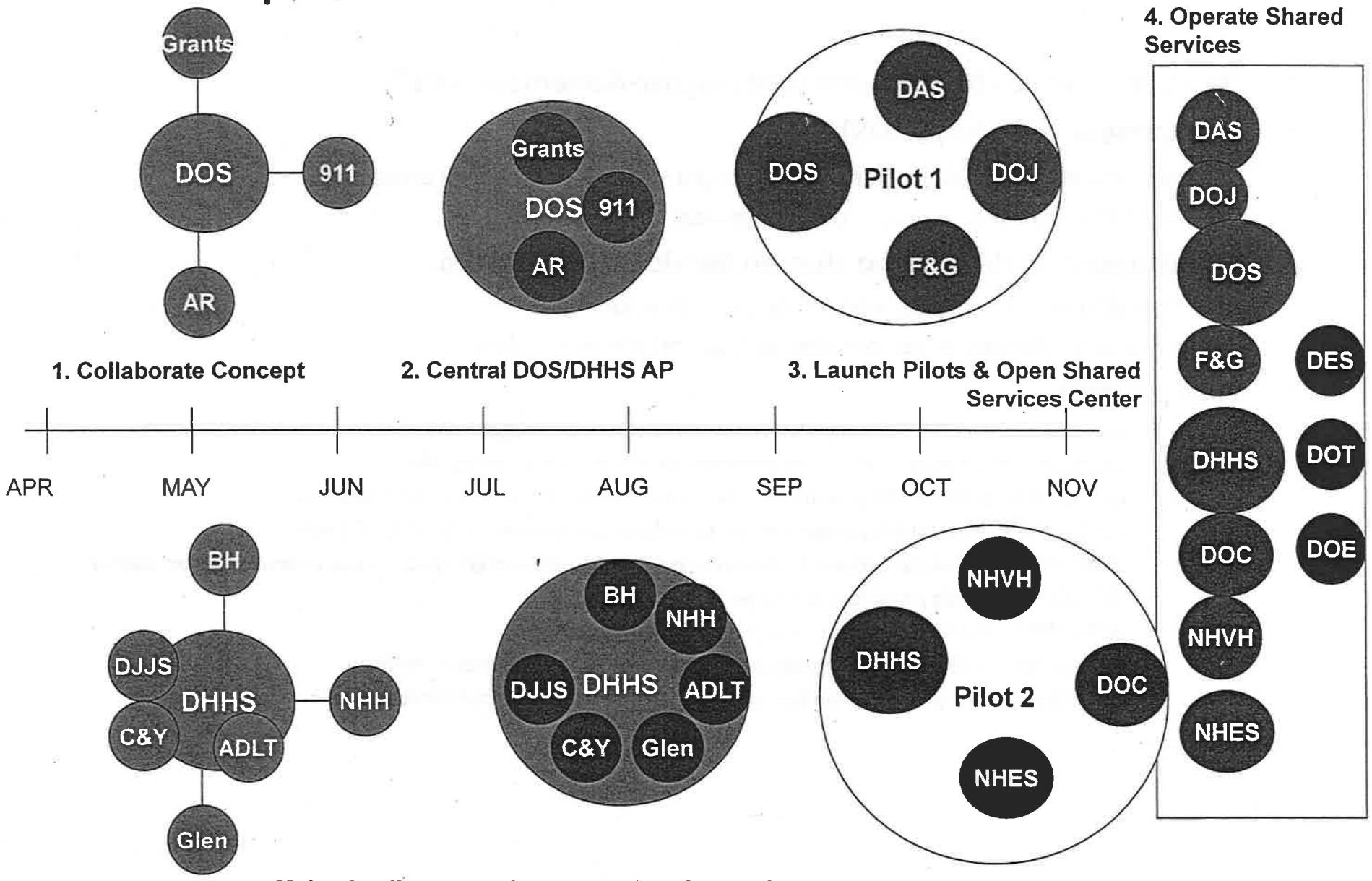
- **State In-Sourced Shared Service Center**
  - Centralize Agencies Processing Resources
  - All Coding Done at Agencies
  - Use State Space and IT Infrastructure
  - Launch Service Operations for Pilot Group
  - Tune and Optimize Process
  - Manage Productivity
  - Manage Attrition & Part Time Staffing
  - Stabilize Service
  - Centralize Additional Agency Resources & Introduce Additional Volume After Stabilization
- **PROS:**
  - State IT already in place
  - State space potentially less expensive
  - State resources already trained
- **CONS:**
  - Personnel/CBA Issues
  - Some Processors also Code at Agencies
  - State Management Required and Productivity Challenges
  - Reliance on Attrition & Productivity Gains to achieve Savings

- **Private Out-Sourced Shared Service Center**
  - Re-badge Agency Resources
  - Private Space
  - Implement Private Technology
  - All Coding Done at Agencies
  - Launch Service Operations for Pilot Group
  - Tune and Optimize Process
  - Manage Productivity
  - Stabilize Service Delivery
  - Convert Additional Agencies' Processing to Private Shared Service Center
- **PROS:**
  - Private Management Autonomy and Control of Process Performance
  - Multi-Shift & Part Time Operations More Readily Adopted
  - Greater Wage Flexibility
  - Potentially Faster & Greater Savings
- **CONS:**
  - RIF, Personnel, CBA Issues
  - Some Agencies will retain staff to Code
  - Access to and Integration of IT Challenges (State/Private)
  - New Workers will require training
  - Potential complications/challenges with using State Space

AP Consolidation Pilot Program

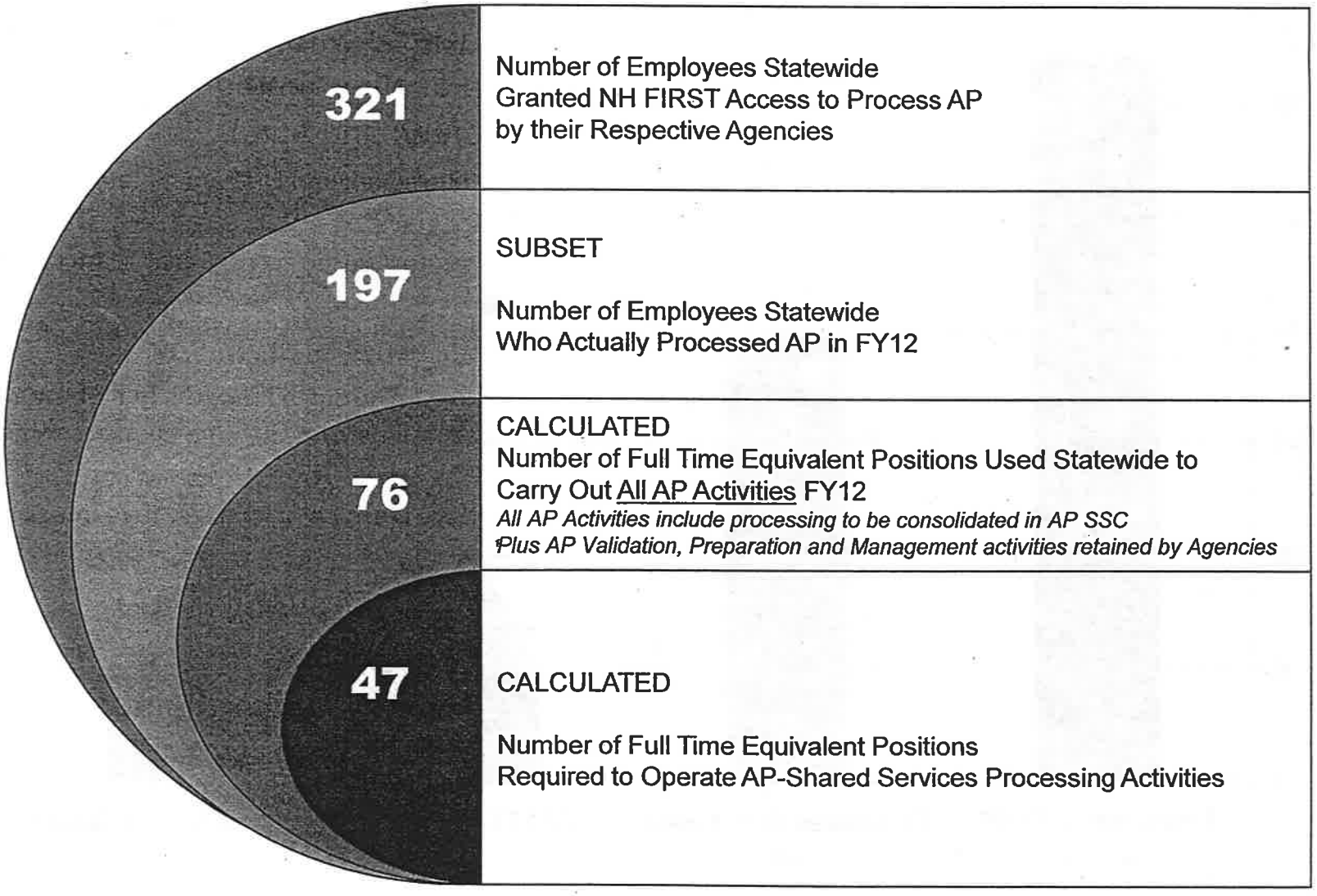
- **Two pilot hubs to be implemented August-November, 2012.**
- **Department of Safety (DOS) Hub**
  - High volume, lower dollar transactions, varied transactions, manual processing
  - Additional agencies: smaller, routine business
- **Department of Health and Human Services (DHHS) Hub.**
  - High volume, higher dollar transactions, grants accounting
  - Additional agencies: larger, complex coding, cost allocation plans
- **Pilot project:**
  - AUGUST: DHHS & DOS to complete centralization of respective agency AP
  - AUGUST: DAS develops SOP for Share Services Center and prepares logistics
  - SEPTEMBER: DHHS & DOS prepare for incorporation of additional agency AP operations
  - SEPTEMBER: Initial additional agencies AP operations consolidated at DHHS & DOS hub
  - OCTOBER: DAS analyzes process and metrics to determine adjustments prior to Share Services Center start up
  - OCTOBER: DOS hub transitions to Shared Services center
  - NOVEMBER: DHHS hub transitions to Share Services center
  - NOVEMBER: DOS/DHHS hubs combined into single DAS Share Services operation
  - NOVEMBER: DAS plans for transition of additional agencies to Shared Services Center

Steps to Pilot Shared Service Center

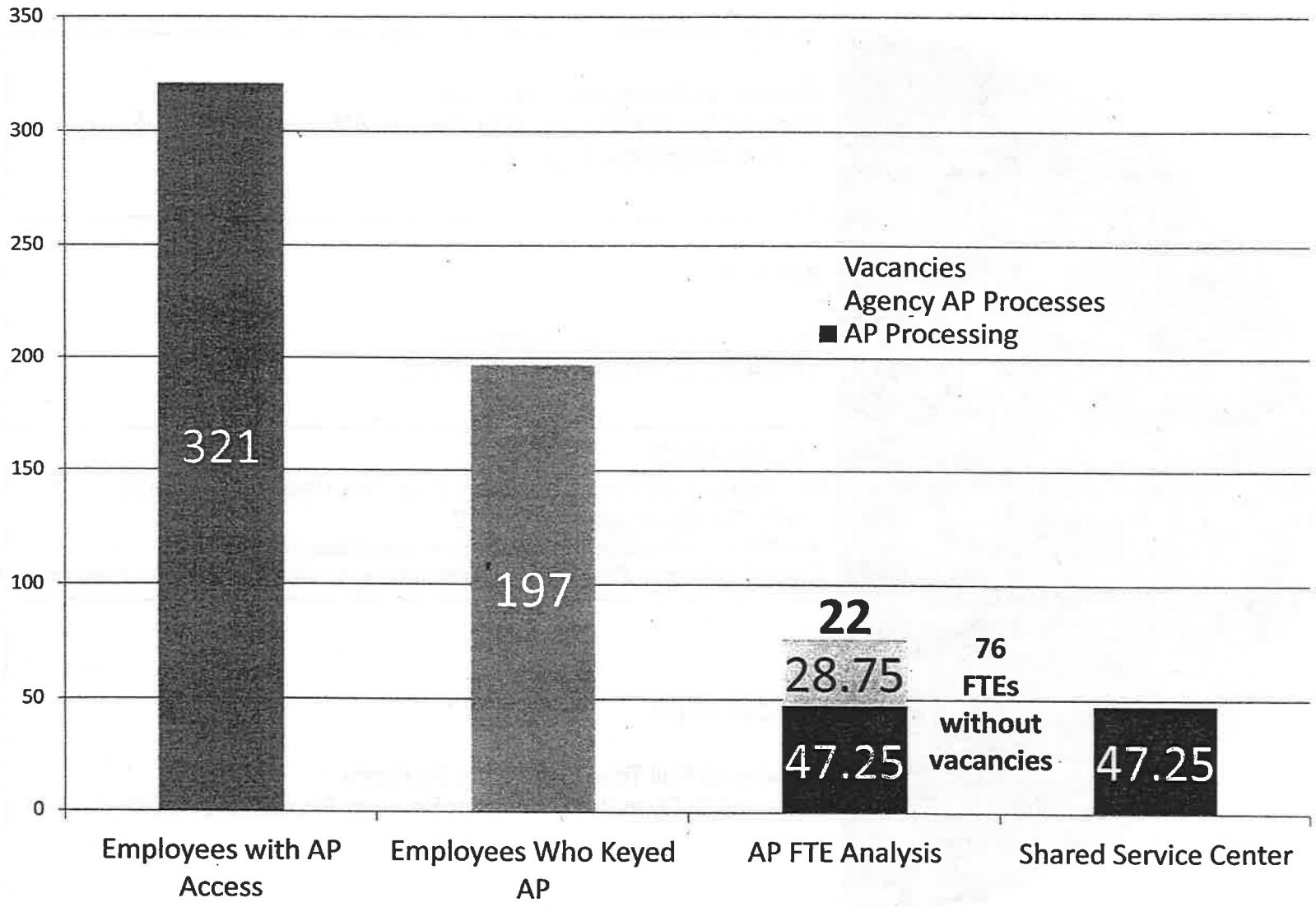


Maintain alignment of Agency/Client focused resources to ensure subject matter expertise and quality are maintained.

Process of Identifying AP-SSC Resources



Statewide AP Employee Analysis



AP Processing Consolidation

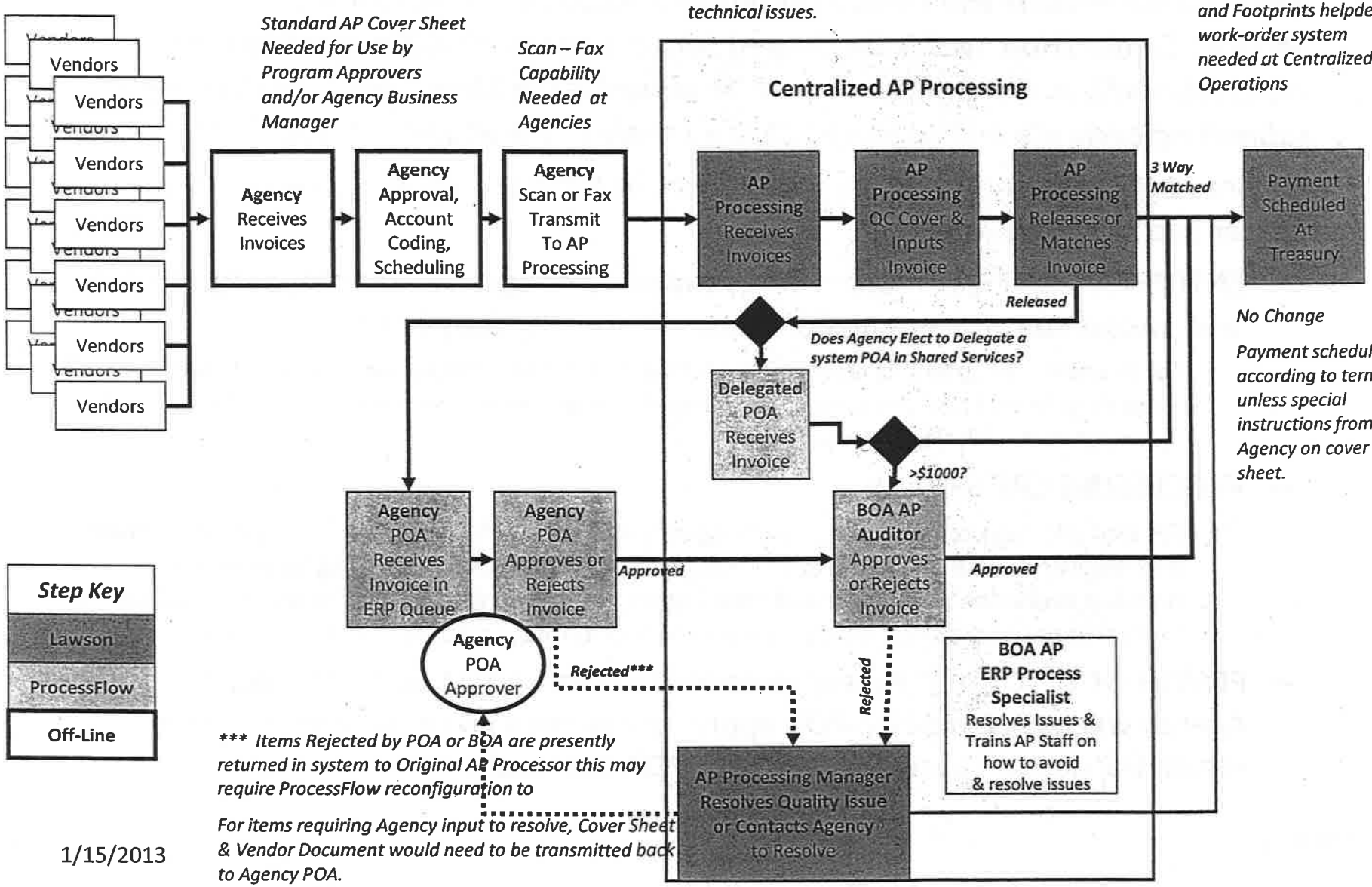
Legal Responsibility for Archiving Original Documents is that of the Agency

Standard AP Cover Sheet Needed for Use by Program Approvers and/or Agency Business Manager

Scan – Fax Capability Needed at Agencies

Centralized Operations to include consolidated AP processors plus BOA AP Auditors plus BOA-ERP-AP Process Specialist to assist in streamlining and resolve technical issues.

Ability to scan, access to NHFIRST & MHC image attachment functions, and Footprints helpdesk work-order system needed at Centralized Operations



No Change

Payment scheduled according to terms unless special instructions from Agency on cover sheet.

**** Items Rejected by POA or BOA are presently returned in system to Original AP Processor this may require ProcessFlow reconfiguration to*

For items requiring Agency input to resolve, Cover Sheet & Vendor Document would need to be transmitted back to Agency POA.

Service Level Agreements and Performance Metrics

- Performance reports will include output and outcome metrics for the Shared Services Center (*How well is the Shared Services Center doing in meeting client expectations?)*, and individual Agency (*How well is the State Agency performing in submitting accurate and approved claims timely to the Shared Services Center?)*
- Service Level Agreements (SLAs) will document expectations of Shared Service Center and each Agency.
  - ENTRANCE CRITERIA: requirements expected of agencies for preparing invoices and transactions for submission to the Shared Services center.
    - For example, centralized contact points; coding criteria; approval formats; time required to submit invoices to Shared Services Center for processing; record retention requirements; procedures for "rushing" or "escalating" payments.
  - PROCESSING CRITERIA:
    - For example, key contacts in the Center agency staff can call for staff or vendor questions; audit and review requirements; data entry requirements including level of coding (activity, sub-activity); rush and escalation procedures and time frames; number of days allowed to process "normal" AP; fields that need to be over-written (such as vendor terms); and expected productivity.
  - POWER OF ATTORNEY: Agreements on designated POA authority and format Agency will use to indicate POA approval has been given (or instructions to return transaction back to Agency for POA approval).