



Signature Report

May 27, 2015

Motion 14365

Proposed No. 2015-0153.2

Sponsors von Reichbauer

1 A MOTION approving the preliminary report in response
2 to the 2015/2016 Biennial Budget Ordinance, Ordinance
3 17941, Section 24, Proviso P2, executive services -
4 administration.

5 WHEREAS, the 2015/2016 Biennial Budget Ordinance, Ordinance 17941,
6 Section 24, Proviso P2, related to executive services - administration, states that \$110,000
7 shall not be expended or encumbered until the executive transmits by motion a
8 preliminary and a final report, on business transformation in each of the central business
9 process value streams, and the council approves the reports and motions, and

10 WHEREAS, Ordinance 17941, Section 24, Proviso P2, requires that the motion
11 and a preliminary report identifying the key objectives and metrics for each value stream
12 be transmitted by March 31, 2015, and

13 WHEREAS, the new enterprise systems, launched as part of the Accountable
14 Business Transformation project, also known as ABT, in January 2012, include a
15 combination of new business processes and enabling technology applications associated
16 with:

- 17 1. The Oracle EBS system for financial and procurement operations;
18 2. The PeopleSoft human capital management system for human resources,
19 employee benefits and payroll operations; and

20 3. The Hyperion system for budgeting, and

21 WHEREAS, the King County council accepted by Motion 14228 a final report
22 from the executive that documented the status and metrics for the standardization phase
23 of systems and business processes associated with the new enterprise systems, and

24 WHEREAS, the King County council has requested a report on business
25 transformation related to the new enterprise systems, which is intended as a follow up to
26 the May 30, 2014, standardization report, and

27 WHEREAS, the report on business transformation has been jointly prepared by
28 the department of executive services, including the finance and business operations
29 division, the business resource center, the human resources division and the office of
30 performance, strategy and budget, and

31 WHEREAS, the King County executive has transmitted to the council a
32 preliminary report that contains the required information responding to Ordinance 17941,
33 Section 24, Proviso P2, including:

34 1. Identification of the key objectives for each value stream for the 2015/2016
35 biennium;

36 2. The identification of metrics that demonstrate whether King County is
37 achieving the objectives identified for each value stream;

38 NOW, THEREFORE, BE IT MOVED by the Council of King County:

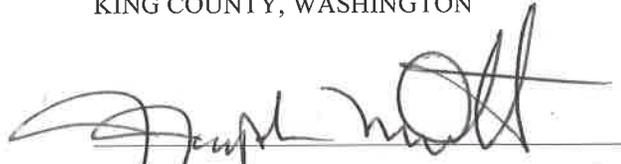
39 The council approves the preliminary report, which is Attachment A to this
40 motion, as the executive's initial response to the 2014 Annual Budget Ordinance,

41 Ordinance 17941, Section 24, Proviso P2, related to the executive services -
42 administration.
43

Motion 14365 was introduced on 5/4/2015 and passed by the Metropolitan King
County Council on 5/26/2015, by the following vote:

Yes: 7 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski and Mr. Upthegrove
No: 0
Excused: 2 - Mr. Phillips and Ms. Hague

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



Larry Phillips, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. King County Enterprise System 2015 Preliminary Budget Proviso Report: Oracle
EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan dated 5-7-15



Council Ordinance 17941, Section 24

**King County Enterprise Systems 2015 Preliminary
Budget Proviso Report: Oracle EBS, Hyperion, and
PeopleSoft Standardization Status, Metrics and Work
Plan**

EXECUTIVE SERVICES - ADMINISTRATION

Caroline Whalen - County Administrative Officer
Dwight Dively - Director, Office of Performance, Strategy and Budget

REVISED May 7, 2015

Table of Contents

Introduction and Executive Summary	p. 3
Council Proviso.....	p. 6
2015-2016 Key Objectives, Initiatives and Metrics by Value Stream	
Procure to Pay.....	p. 7
Billing to Cash.....	p. 9
Hire to Retire.....	p. 11
Budget to Report.....	p. 13
Security Systems and Controls.....	p. 15

INTRODUCTION AND EXECUTIVE SUMMARY

At the start of 2012, the Accountable Business Transformation (ABT) project replaced the county’s legacy financial, human resource/payroll, and budget systems with a modern integrated system. County agencies now share an integrated system of three enabling technologies to help conduct their business: Oracle E-Business Suite (Oracle EBS) for financial and procurement operations; PeopleSoft Human Capital Management (PeopleSoft) for human resources, employee benefits and payroll operations; and Hyperion for budgeting.

Given the magnitude of technology and business process changes brought on by ABT, the county has viewed ABT implementation occurring in three phases: starting with stabilization in 2012 and 2013; moving to standardization in 2014 and 2015; and starting the optimization phase in 2016. This three-phased continuum is referred to as a “maturity model” for new systems and their related business processes. While the enterprise software has been in place since 2012, many of the benefits and efficiencies mature over time as the county standardizes its business processes to use the software in an optimal way.

A June 2013 report provided to the county council documented the initial stabilization phase of maturity from both a systems and a business process perspective.¹ The report concluded that the new systems were stable and business processes were functioning, but that there was a need for continued improvements and problem solving as part of the next phase of standardization. A follow-up report documenting the county’s progress in moving through the standardization phase, including a specific work plan and deliverables, was submitted in May of 2014.² As part of a proviso in the 2015-2016 adopted budget, the county council requested an updated work plan outlining key objectives, metrics and operational initiatives for each value stream for the 2015-2016 biennium. In addition, the proviso requests an update on King County’s financial, budget and human resources systems.

This preliminary report addresses sections A and B of the council’s 2015-2016 budget proviso which calls for key objectives and metrics for each value stream by March 31, 2015. A final report addressing all elements of the proviso is due by March 31, 2016.

The following table provides a succinct overview of the objectives by value stream and the corresponding metrics. The body of the report goes into more depth about the objectives, project initiatives related to the objectives, and the proposed metrics that will be used to chart the progress of standardization.

Value Stream	Objective	Metrics
Procure to Pay	Use the lowest cost purchasing method (“Req. it Right”).	<ul style="list-style-type: none"> Adherence to standard (best fit) purchasing methods for purchase type Dollar and transaction count using PCards

¹ Accountable Business Transformation 2013 Budget Proviso Report, June 28, 2013.

² King County Enterprise Systems 2014 Budget Proviso Report, May 30, 2014.

	Reduce the cycle time of construction, architectural/engineering and goods/services contracts to reduce costs and increase productivity for customers, and correctly resource for contract volume and category.	<ul style="list-style-type: none"> • Elapsed time for each stage of procurement process • Pending contracts at each stage • Increased productivity (e.g., more contracts completed annually)
	Maintain a high usage of centrally negotiated contracts to ensure the best value/pricing for agency customers.	<ul style="list-style-type: none"> • On and off contract spend by agency • Representative examples of how agencies have obtained the best value/pricing or comparisons to other benchmarks in the industry.
	Improve contracting opportunities for small and disadvantaged businesses to sustain a growing and diverse economy.	<ul style="list-style-type: none"> • Number of certified small businesses • Number and dollar amount of contracts awarded to certified small businesses and disadvantaged firms
Billing to Cash	Standardize use of Projects and Grants Module to efficiently administer grants and bill customers.	<ul style="list-style-type: none"> • Proper award setup to match (restricted) revenue to expenditure • Staff time required to prepare the Schedule of Expenditures of Federal Awards (SEFA) • Audit findings and questioned costs
	Reconfigure the Accounts Receivable setup in EBS to reduce delays in billing process and receipt of funds.	<ul style="list-style-type: none"> • Timely submission of grant billings • Timely receipt of funds
	Improve customer information with third party bill pay to efficiently apply payments to correct accounts.	<ul style="list-style-type: none"> • Dollar volume of unapplied cash (requiring research to manually apply to correct account) • Average time required to apply payments to customer accounts
Hire to Retire	Standardize pay and benefits practices to reduce administrative complexity and costs.	<ul style="list-style-type: none"> • Agency adherence to payroll processing timelines • Employees who opt for paperless electronic deposit • Progress in transitioning all agencies to biweekly pay • Number of manual checks • 2014 auditor's recommendations addressed and reduced level of effort required to correctly administer family and medical leave benefits • Reducing or standardizing the number of premium pays • Reducing or maintaining a lower number of work

		week types offered to employees
Budget to Report	Improve reporting in Hyperion, PIC and EBS so that managers obtain timely financial information for decision making.	<ul style="list-style-type: none"> • Customer surveys to determine level of effort required to obtain timely and accurate information in Hyperion, Project Information Center (PIC), and Oracle EBS
	Reconfigure Projects and Grants to improve comparative reporting within and across agencies and reduce the need for manual reconciliation.	<ul style="list-style-type: none"> • Customer surveys to determine information quality and ease of reporting • Dollar value of discrepancy between Projects and Grants and General Ledger needing to be reconciled • Reporting system capacity to support year end closing as well as state and federal reporting
	Replace custom reporting tool (Discoverer) to enhance financial reporting and decision making.	<ul style="list-style-type: none"> • Metrics to be developed in the RFP phase
Security Systems and Controls	Continue to implement Security Assessment recommendations.	<ul style="list-style-type: none"> • Internal control matrix established to support compliance with separation of duties • Review process in place to remedy invalid/conflicting separation of duties • Volume of EBS security configuration change requests • Number of terminated employees with active accounts • Average time to process security provisioning requests and changes

COUNCIL PROVISO

For reference, the proviso in Council Ordinance 17941, Section 24, is excerpted below.

The report shall include, but not be limited to:

- A. Identification of the key objectives for each value stream for the 2015-2016 biennium. A value stream is defined in the King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228;
- B. The identification of metrics that demonstrate whether King County is achieving the objectives identified for each value stream. Metrics shall include but not be limited to, baselines and targets;
- C. A description of each of the key operational initiatives underway or proposed to be implemented to achieve the objectives for each value stream. The description shall include:
 1. How the initiative is related to the objective;
 2. The size of the problem the initiative is addressing and, if relevant, the amount and type of benefits likely to be achieved as a result of the initiative and the effort or cost, including staff resources, required to accomplish the initiative;
- D. A status update of King County's financial, budget and human resource systems, using the maturity model described in the report, King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228;
- E. An update on each pain point identified in the report, King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228; and
- F. An update on efforts to move remaining employees to biweekly pay and efforts to standardize pay.

The executive must file an initial report identifying the preliminary objectives and metrics as identified in subsections A. and B. of this proviso, except that this preliminary report need not include the identification of targets and baselines for the reported metrics, and shall be filed by March 31, 2015.

The final report, including the components in subsections A. through F. of this section, and a proposed motion approving the report shall be filed by March 31, 2016.

SUMMARY OF 2015-2016 KEY OBJECTIVES, INITIATIVES AND METRICS BY VALUE STREAM

Procure-to-Pay Value Stream

The Procure to Pay value stream is responsible for providing equitable and value driven sourcing in the administration of county contracts. These contracts should be administered in accordance with legal requirements and county policy, and vendors should be paid timely in the most cost effective manner.

County employees want to purchase goods and services as quickly, efficiently and equitably as possible. Purchasing efficiencies at King County can vary greatly depending upon which procurement tool is used. One objective of this value stream is to lower costs by using the ‘right’ procurement tool for any set of purchasing circumstances. Therefore, this biennium FBOD will create and implement learning materials and standard work for each purchasing option. See below for current purchasing options, sorted from the least to most expensive:

Purchasing Card (PCard) – the PCard program is flexible and easy to use for county agencies making smaller or recurring purchases. This program has minimal processing costs for agencies and PCard rebates fully support FBOD staffing required to administer the program.

EBS iProcurement ‘Store’ – a one-stop, streamlined, contracted vendor list for county employees. Requisitions made in the store create system-generated orders (‘requisition-first’ processing) and, once the goods are received by county employees, the system

generates payments to vendors. Best of all, purchases made from the store are priced using negotiated county contracts to ensure maximum value for county agencies and ultimately, to the public.

Direct Orders to the Vendor – this historical method gives a high degree of flexibility to county agencies but can also carry potentially the highest costs due to the manual versus automated processes involved (‘requisition-after’ processing) and because goods and services may be purchased outside of negotiated contracts. However, the flexibility of this method makes it an excellent option in limited circumstances, such as for goods purchased with rapidly changing prices, i.e.; food and fuel.

FBOD is working to further reduce cycle time for goods and services contracts, with a particular focus on larger construction and architectural, engineering and professional services contracts. As part of a pilot initiative, FBOD is partnering with the Wastewater Treatment Division (WTD) to streamline processes to meet their increased demands for contracting services now that Brightwater is complete.

Finally, we want to continue procurement best practices by purchasing goods and services via negotiated contracts and expanding contract opportunities for small businesses. When agencies predominantly purchases goods and services off of negotiated contracts (called “on contract” spending), it ensures that the county receives the best pricing and overall value for goods and services. Expanding opportunities for

small business is important to the region's economic health and a vital component of equity and social justice.

Procure-to-Pay Metrics

Req. it Right FBOD has collaboratively developed standards for when and how county agencies should use various procurement options, including PCards, "requisition-first" via the EBS iProcurement store purchases and "requisition-after" via direct orders to vendors. A key metric will be to monitor whether agencies are using the appropriate purchasing and payment methodology, using EBS reports that categorize purchases into approved and unapproved requisition methodology categories. We will also track the transaction count and dollar volume of PCard purchases.

Contracting Cycle Time Using data from the Procurement and Contracting Services System (PCSS), we will monitor how long each contract takes through each stage of the contracting cycle. Since goods and services contracts generally take less time than construction or architecture/engineering contracts, separate targets will be developed for each. In addition, we will measure how many contracts are pending in any given stage, and adjust resources internally to accommodate fluctuations in demand for contracting services. We also plan to develop a measure of increased productivity for each category of contracts (e.g., average and/or total number of contracts completed annually).

On Contract Spending We will continue to track overall county spending that occurs via negotiated contracts (on contract spend) and spending that occurs outside of those contracts (off contract spend). The goal is to report this information for the county as a whole and to have breakdowns by department so that each department can see how they are doing relative to the standard and can take actions on making improvements. We will also attempt to quantify the value of on contract versus off contract spend using examples from agencies or other benchmarks, recognizing that this type of metric can be challenging to develop.

Small Business Participation in Contracting In conjunction with the annual reporting requirements for the Contracting Opportunities Program (COP), we will continue to track the number of certified small contractors and suppliers (SCS); the number of contracts awarded to SCS firms; and the dollar value awarded to SCS firms. There will also be breakdowns of information available on disadvantaged businesses, including minority-owned and women-owned businesses.

Billing-to-Cash Value Stream

The Billing to Cash value stream is responsible for presenting customers and grantors a timely and accurate accounting of goods received and services rendered. It also provides for collection of payment to ensure continuation of county services funded through external revenue.

County agencies want to efficiently and effectively administer their grant and other revenue streams by billing their products and services as quickly and accurately as possible. Billing efficiencies at King County can vary greatly by agency depending upon the selected billing methodology and upon the standardization of the set-up of the grant data element called 'award' within the EBS system. For example, the easiest and most accurate grant billing that occurs in King County is via the Oracle EBS Project and Grants module and is called 'cost-based billing' which uses the system's award data elements to track billable costs. The less efficient methodology is known as 'event-based billing' which relies upon external Excel spreadsheets to track billable costs.

'Cost-based grant billing' is preferable because grantor invoicing becomes an automated process based upon information already in EBS that is associated with the award data element for that grant. The automated process shows a clear link between the economic transactions that occurred and the information maintained in the accounting system which provides a transparent audit trail.

However, moving agencies toward 'cost-based grant billing' is a complex initiative because of the detailed body of work involved in the transition, and because overcoming the current reliance upon past-practices requires training, communication, agency buy-in and optimizing the system's screening functionality. Key objectives in this biennium include: (1) standardizing grant set-up, billing and reporting via agency outreach and education; (2) reviewing the configuration of the Accounts Receivable module; and (3) building the capacity for presentment of invoices electronically.

Standardize Use of Projects and Grants Set-up, Billing and Reporting Agencies should use the award data element in the Oracle EBS Projects and Grants module for all grant reimbursable work. Award data elements provide the essential link in the accounting system between expenditures and the related external funding sources. Proper use of awards in Oracle EBS vastly reduces the staff time necessary to prepare the Schedule of Expenditures of Federal Awards (SEFA) and minimizes the risk of reporting errors. In addition, it becomes easier to determine which costs should be billed to the grantor, reduces the risk of questioned costs, and allows creation of financial reports with little to no manual reconciliation required.

Accounts Receivable Reconfiguration Grants often restrict the types of costs that can be billed to the grantor. The system configuration does not currently allow for restrictions on the type of costs that can be charged to an award. As a result, extensive manual review of expenditures may be required to confirm that unallowable costs are removed prior to submission of the grant bill. This delays the billing process and receipt of funds, increases the risk of questioned costs and reduces the integrity of system reports due to the manual adjustments that are frequently made outside of Oracle EBS. A 2014 assessment of the Accounts Receivable system configuration identified several changes that will improve the invoice creation process. We intend to review and implement those recommendations over the 2015/2016 biennium.

Third Party Bill Pay The use of third party bill payer services (i.e., vendors with which banks contract to allow their customers to pay bills from their bank accounts) by county customers continues to increase. Third party bill payers send payment files or paper checks to King County, but these files often do not

include key information such as account number. Matching payments received to specific customers and applying the payments to the correct account requires manual research and intervention. This issue particularly impacts capacity charges due to the county's Wastewater Treatment Division, though any agency that bills customers could receive payments through a third party bill payer. FBOD staff will continue to bring this to the attention of banks and bill pay services in order to increase the proportion of submitted payments which include key information allowing automated crediting to correct accounts, and decreasing the level of manual intervention required.

Billing-to-Cash Metrics

Standardize the Use of Projects and Grants Module. We intend to develop metrics that identify whether the data element awards is used when necessary and that the awards are properly set up in Oracle EBS. We will measure if at the time the award is created in Oracle EBS it is set-up with all relevant information, including the CFDA number, CFDA title, revenue source code, and the customer/grantor/pass-thru agency. We will also use metrics to screen to ensure that agencies are creating awards when a new source of external funding is tied to expenditures. We expect that tracking these metrics will improve the proper set up and use of awards over time. Ultimately, we expect to see via performance metrics a reduction in staff time necessary to prepare the SEFA, as well as a reduction in audit findings and questioned costs.

Accounts Receivable Module Reconfiguration The redesign will be completed in phases in 2015/2016 and beyond as resources are available. To measure the success of the accounts receivable module reconfiguration, we will measure the timely submission of grant billings and other types of billings by agency; we will also measure the timely receipt of funds. We expect these metrics will improve after implementation of process and systems improvements from this reconfiguration initiative.

Third Party Bill Pay The need to manually apply cash receipts to customer accounts creates a backlog of unapplied cash. Improvements to the information received from third party bill payers will reduce the need to manually apply cash. We will monitor the dollar volume of unapplied cash as well as the average time required to apply the payments, with the expectation that this metric will improve after third party bill pay improvements are implemented.

Hire-to-Retire Value Stream

Together, OLR, FBOD and HRD provide the foundation for agencies to recruit, engage and develop employees who reflect the communities we serve. We are also responsible for the timely and accurate delivery of pay and benefits to county employees and their families.

County managers want to recruit, develop and engage talented employees who are reflective of the communities that they serve, and agency administrative and finance staff want to efficiently provide accurate and timely pay and benefits to their employees and families. In the 2015-2016 biennium key objectives in this value stream include moving toward a more flexible personnel system and better leveraging the capability of PeopleSoft to streamline the timekeeping function countywide.

The Hire-to-Retire value stream involves the Office of Labor Relations (OLR), FBOD and the Human Resources Division (HRD) of Executive Services. The work starts with planning what skills and expertise is needed to deliver county products and services, and then recruiting and hiring employees. It continues through each pay and benefit period and ends with the separation or retirement of the employee.

As part of a larger initiative, initially called “Employer of the Future,” OLR, HRD and FBOD are working with stakeholders to jointly define and implement a more flexible personnel system. The goal is to create a workplace culture that: (1) makes it possible for our employees to provide the highest quality, most affordable and most efficient government services possible; and (2) supports our effort to attract and retain a quality and engaged workforce that reflects the diversity of the communities we serve. This initiative is now called “Best Run Government: Employees” in support of efforts to make King County the best run government in the country.

In 2014, the county and the Coalition of King County labor union reached a two-year labor agreement which slows the growth of compensation costs and gives parties the opportunity to discuss all aspects of compensation for the 2017 Coalition Agreement. This includes an agreement to identify efficiencies in the administration of the King County Family Medical Leave Benefits and other proposals related to leave benefits and standardization.

Employees receive their pay either through electronic deposit or a paper paycheck. Many employees also receive printed pay stubs to accompany electronic deposit. In addition to striving for more standardized pay and benefits practices, we will also continue to encourage use of biweekly electronic deposit (the preferred method) and support increased accuracy in reported time.

This proviso response includes objectives and metrics that are related to efforts designed to improve the enabling technology and related business processes, including pay and benefits practices and administration:

- **Improve efficiency and effectiveness of our pay and benefits practices.** The complexity of our current personnel system – including multiple pay and benefits practices as outlined in various agreements with our union partners – affects our ability to pay our employees efficiently and cost-effectively. For example, we have both biweekly and semimonthly paper cycles, which results in increased administrative costs.
- **Monitor progress to improve the administration of benefits provided under the Family and Medical Leave Act and the King County family and medical leave policies.** King County is required to provide family and medical leave which protects employee job and insurance benefits

during absences for qualifying conditions. We currently administer the federal Family and Medical Leave (FML) and the King County Family Medical Leave (KCFML). Currently, for most employees, KCFML does not begin to run until an employee has exhausted all of their accrued, paid leave, while FML begins to run immediately, creating a complex administrative burden for the County and potential inequities among employees. These administrative challenges were outlined in a 2014 King County Auditors Report. We have a 2015 workplan to address each of the auditor's recommendation and improve administration.

- **Monitor progress in standardizing or reducing the number of premium pays.** The County provides more than 100 premium pays, adding to the complexity of the payroll system and administering collective bargaining agreement provisions. The issue of standardization will be included in the development and negotiation of the 2017 Coalition Agreement.
- **Monitor progress in reducing the number of work week types the County offers to employees.** The Office of Labor Relations has made significant strides in negotiating reductions to the number of work week types the County offers to employees, moving from dozens to five. This will continued to be addressed in contract negotiations.

Hire-to-Retire Metrics

Standard pay and benefits practices. We will monitor our progress in working with stakeholders, including union partners, in developing practices that simplify, standardize and automate pay and benefits practices. This includes:

- Encouraging agencies to adhere to established payroll processing timelines.
- Increasing the percentage of employees who opt for paperless electronic deposit.
- Transitioning remaining agencies to biweekly pay (and identifying the associated savings through an Activity Based Costing model).
- Increasing the accuracy of data entry into both the Human Capital Management Module and the Time and Labor module to reduce the need to issue manual checks.
- Addressing 2014 auditor's recommendations and reducing the level of effort required to correctly administer family and medical leave benefits
- Reducing or standardizing the number of premium pays
- Reducing or maintaining a lower number of work week types offered to employees

Budget-to-Report Value Stream

The purpose of the Budget to Report value stream is to align resource decisions with leadership and community priorities and the King County Strategic Plan. This includes accurate and timely reporting of the financial picture and performance of county operations to internal and external stakeholders in accordance with professional standards.

County managers want to easily obtain the financial information necessary to run their operations efficiently, and agency finance staff want to know how to use the county's financial systems effectively.

A key objective in this biennium is to improve user compliance with the proper way to budget, account and report on the county's financial activity via the enterprise systems. This reduces the need to track manual adjustments outside of those systems. As fewer adjustments are made outside of the systems, less manual effort is required to conduct ad hoc analysis such as budget versus reports and to create audited financial reports, including the Comprehensive Annual Financial Report (CAFR) and the Schedule of Expenditures of Federal Awards (SEFA). This enables finance and accounting staff to devote more time to monitoring compliance with county policies and external requirements, reducing the risk of audit findings and questioned costs. This also gives operating managers confidence in their short and long term resource decisions.

The Budget to Report value stream is co-owned by the Office of Performance, Strategy and Budget (PSB) and the Finance and Business Operations Division (FBOD) of Executive Services. As

such, the value stream begins with the initial allocation of resources through the budget process and ends with the submission of audited financial reports demonstrating how previously allocated funds were used as well as the county's financial position.

Success in this value stream depends on the ability to quickly extract accurate information from Hyperion, the Project Information Center (PIC) and Oracle EBS. Timely reporting capabilities in Hyperion and PIC facilitate communication between all participants in the budget process and allows for better alignment between resource allocations and strategic priorities. It is also important to note that Discoverer, Oracle's ad hoc reporting tool, will be phased out by Oracle in 2017 and the county needs to replace Discoverer with a new enterprise reporting tool in order to create custom reports that identify specific data points needed to measure county performance, and that allow integration of data across the county's enterprise systems.

To streamline grant reporting and project accounting, the county opted for a project-centric implementation of Oracle EBS. This means that most transactions are entered into the Projects and Grants module before being summarized in the General Ledger. Each transaction is coded to a specific project, organizational unit (cost center), expenditure account, task, and award—called a POETA code—which governs how transactions are summarized for reporting purposes. We now recognize that to optimize comparative reporting within and across agencies, and reduce the need for manual reconciliation of discrepancies in required reports, we need to better standardize the use of certain data elements within the Projects and Grants module. To increase report quality within Oracle EBS, agencies need to use key POETA fields such as project, organizational unit and award in a standardized way. An assessment was made in 2013 that provided recommendations for reducing the complexity of projects configuration. Implementing these recommendations will simplify the reconciliation process between Projects and Grants and the General Ledger modules, as well as allow for the development of standard reports for use

by management. Such simplification and standardization will reduce the level of effort required to compile financial information for required reports like the SEFA and for decision-making purposes.

Over the 2015/2016 biennium, FBOD and PSB intend to: (1) create reports in Hyperion and PIC that improve the transparency of the budget; (2) reduce the complexity of the Projects and Grants module configuration in Oracle EBS; and (3) partner with BRC, KCIT, HRD and Finance Managers to define reporting requirements and conduct solution analysis for the replacement Discoverer solution.

Budget-to-Report Metrics

Reporting in Hyperion Extracting information from Hyperion and PIC is often manual and time intensive. In particular, it can be difficult for operational managers to compare budget and actuals between Hyperion, PIC and Oracle EBS. Although some standard reports have been created, additional reports are in development that will reduce the time necessary to respond to requests for management information. We will survey agency finance and operational managers (our primary customers) to measure the level of effort required to obtain timely and accurate information entered into the three systems. These surveys will also measure customer satisfaction with reporting capabilities in Hyperion and PIC.

EBS Projects and Grants Module Configuration Customer surveys will tell us the extent to which the module configuration changes made reporting easier and resulted in higher quality information, which reduces the level of manual effort required to reconcile required reports. In addition to the customer satisfaction metrics, reporting system capacity to support year end close out processes as well as state and federal reporting is a key metric. December and January are critical months for this measure when the peak of reporting activity and data extracts occur.

Framing Enterprise Reporting Requirements/Defining Tools for the Future Reporting capabilities across the finance, budget and human resource systems are essential to meet the diverse information needs of finance, accounting and HR managers in King County's specific service environment. The Business Resource Center (BRC) recently received vendor responses from a Request for Information (RFI) process to determine solutions for a new reporting system that will allow the ability to pull data from EBS, PeopleSoft and Hyperion source systems in order to make rapid decisions. The result of this process will inform a Request for Proposal (RFP) that will determine the scope and schedule for an enterprise reporting and analytics implementation. While this is not a metric, it is the first step in an important initiative that should improve the availability of, and reduce the level of effort needed to obtain, data needed to inform county decision-making. Specific metrics will be developed as part of the upcoming RFP process phase.

Security Systems and Controls

Security systems and controls are the governance structures necessary to support the business processes and related systems. FBOD and the Business Resource Center (BRC) are jointly responsible for the business rules and controls embedded in our accounting, budgeting and payroll systems to ensure only authorized individuals make changes in those systems.

The EBS Security Assessment Report (completed by consultant Jeffery Hare) identified several recommendations for improving system controls. The following recommendations were implemented in 2014:

- Change management governance board and approval process to evaluate security risks related to changes in EBS security design requests and to strengthen security controls. This includes a security risk assessment template to be used by the project for proposed EBS security design changes.
- Implementation of a new change management workflow for EBS security changes in the BRC change management system called STAT.
- Documented user provisioning procedures that describe the process to request EBS security access and the procedures BRC uses to maintain user security in the EBS system.

In 2015/2016, the BRC and FBOD team will:

- Continue implementing many of the Security Assessment Report recommendations. Examples include new responsibilities, suggested menu changes, password management policies and refinements of the design for responsibilities. These efforts will utilize the new change management approval process established in 2014. Twelve of these recommendations will be implemented by the end of Q2/2015.
- Review the detailed results of the CAOSYS assessment tool provided by Jeffery Hare to evaluate any needed modifications to existing configurations. (*Note: the CAOSYS data was created via an automated risk evaluation program provided by the consultants during the EBS Security Assessment*). As a result of this review, the project team will implement module specific and cross module redesign to strengthen internal controls and/or reduce risk.

Security Systems and Controls Metrics

Key metrics for EBS system controls include:

- Internal control matrix established to support compliance with FBOD business rules for EBS separation of duties.
- Review process in place to remedy invalid/conflicting separation of duties issues identified during EBS system audits (assumes metrics related to timeliness of audits and number of issues discovered).
- Volume of EBS security configuration change requests approved/rejected by the EBS Security Change Control Board Committee (CCBC).
- Number of terminated employees with active accounts.
- Average time to process security provisioning requests and changes.

Additional metrics will be determined and/or refined as recommendations and configuration changes are approved.