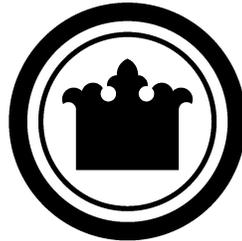


APPENDIX J:



King County

**Accountable
Business Transformation
Program Charter**

October 9, 2006

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1.0 Purpose

Program governance is the assignment of decision-making rights, oversight responsibilities and accountabilities for a specific program. The purpose of this program charter is to assign decision-making rights, oversight responsibilities and accountabilities for the Accountable Business Transformation (ABT) Program. The charter identifies who is accountable to lead and manage the program and to provide policy direction and oversight.

In addition to the problem statement, the charter contains three key elements:

1. **Program Direction:** Contains the ABT Program direction that has been approved to date by the Metropolitan King County Council.
2. **Governance and Management Organization:** Describes where and by whom decisions will be made, how the program will be managed and how the program will be overseen.
3. **Issue Escalation:** Explains the sequence for issues to be raised, recorded and resolved and establishes accountability for each required decision.

2.0 Problem Statements

Twelve years after the merger of King County and the Metropolitan Municipality of King County, King County government continues to rely on the operation of two sets of accounting and financial reporting systems and two sets of human resources (HR/payroll) systems.

The problem statement adopted by Council in the vision and goals statement attached to Motion 11729 reads:

“Presently, the county operates with two accounting and financial reporting systems and two human resource/payroll systems. These four separate systems perform the fundamental central financial functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. While there has been improvement with the PeopleSoft and Oracle systems, many of the business systems and practices are still outdated, and inflexible. Business-process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.”

In addition to the Council-adopted problem statement, in April 2005, the Executive added the following additional budget problem statement to the ABT Program Charter transmitted to Council attached to Proposed Motion 2005-0171:

“Budget and financial management processes and reporting are inconsistent within the two systems and not easily accessed by users. Budget development processes and budget monitoring are not integrated. Separate budget development processes are used for operating and capital budgets. Budget management systems for capital are inadequate and some Oracle users utilize side systems for capital budget management.”

ABT is a multi-year program to standardize and modernize the county’s financial, payroll, human resource and budget business practices so that:

- The same financial software (Oracle) and human resource/payroll software (PeopleSoft) can be used by all county agencies (currently, only the former Metro agencies use this software); and
- A new operating and capital budget software system can be implemented for all county agencies.

The rationale for this program is that the county does not use standard and modern business practices. Also, the county operates two financial systems, two human resource/payroll systems and several side systems; and the county has no countywide budget system. Once implemented, the program will enable the county to manage its financial, budget and human resource operations as one government using standard business practices and an integrated computer system.

3.0 Program Direction

The direction for the ABT program is described in the following four elements that have been adopted by the Council. The full text of these elements may be found in Appendices A and B. All program decisions must be aligned with this direction, unless modified in accordance with this program charter.

- 3.1 Vision
- 3.2 Guiding Principles
- 3.3 Guiding Policies
- 3.4 Goals

3.1 Vision

In June 2003, the Enterprise, Financial, Human Resource and Budget Management Vision and Goals Statement was endorsed by representatives of the full elected leadership of King County as members of the county’s

Strategic Advisory Council¹. The Council later adopted the vision and goals statement and further adopted policy statements that: (1) “The budget, finance, human resource and payroll information systems shall be equally accessible to executive and council staff”; and (2) “... the budget system module shall interact with the finance, human resource and payroll information system modules and shall provide real-time, monthly, year-to-date and historical data” (Motion 11729). The full text of the Vision and Goals Statement may be found in Appendix A.

The vision is:

“King County’s financial, human resource and budget management functions are fully integrated, efficient and effective, and enhance the county’s ability to provide essential services to its customers.”

3.2 Guiding Principles

In June 2003, the Council adopted nine Guiding Principles to assist in ABT program direction (Motion 11729).

The nine guiding principles are provided below. (A full description of the Guiding Principles may be found as Appendix B)

1. Ensure effective leadership, comprehensive stakeholder agreement and alignment with county’s goals.
2. Apply the Technology Governance direction for future project efforts.
3. Standardize and streamline operations and business practices to adopt best practices.
4. Consolidate and integrate the computing infrastructure to eliminate redundancy.
5. Reduce computer maintenance, management and service costs.
6. Improve customer service, decision support, and reporting capabilities.
7. Enhance existing service levels and capabilities.
8. Ensure the privacy and security of financial, human resource and budget information.

¹ The Strategic Advisory Council (SAC) comprises elected officials from all county agencies and representatives from the private and public sector. Its role is to advise the county’s chief information officer in developing long-term strategic objectives for information technology deployment countywide (K.C.C. 2.16.07582).

9. Commitment to organizational and “county cultural” change must be accepted and effectively implemented.

3.3 Guiding Policies

In October 2004, the Council adopted four guiding policies to provide direction for the ABT program (Motion 12024).

Human Resources/Payroll Policy Statement: Pay all employees on a common, bi-weekly, pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.

Human Resources Policy Statement: Process core county human resource and payroll transactions from a single integrated system by implementing PeopleSoft HRMS countywide. Align all county human resource practices and procedures to ensure that business needs are met through legally defensible human resource practices.

Financial Policy Statement: Process core county financial transactions from a single integrated system by implementing Oracle Financials countywide.

Budget Policy Statement: Standardize and streamline operating and capital budgeting by implementing a countywide public sector operating and capital budget system.

3.4 Goals

In June 2003, the Council adopted goals for the ABT Program (Motion 11729). Goals were adopted for general operations, technology, human resource management, payroll, budget preparation, financial accounting, and purchasing and inventory management. The following goals are highlighted because of their importance in measuring program success. A full text of these goals is found in the Appendix A.

General Operational Goals

- Standardize and improve business processes and practices and work to eliminate impediments to adopting best practices.
- Eliminate administrative activities that add no value.
- Work with stakeholders and business process owners to streamline the county’s core financial, human resource and budget processes.
- Support basic financial, human resource and budget functions within the core system(s) of the county, making that system(s) the “system of record”. Minimize dependency on “secondary” or “side” systems in the performance of mission-critical functions. Use the core system(s) as a business backbone, or foundation upon which to automate additional business functions in the future in an integrated fashion.
- Improve the county’s ability to conduct business, human resources and technology planning based on reliable, timely financial and human resource data.

- Provide the capability to conduct analyses that distinguish between local and countywide revenues and expenditures within the financials, human resources, payroll and budgeting business areas.

Technology Specific Goals

- Ensure security controls that are capable of enforcing the county's business rules, access policies, and legal obligations with regard to employee data, financial and budget information, and business activities.
- Evaluate the short and long term system needs of the financial, human resource and budget operations of the county, and deploy proven commercial software and hardware solutions that utilize current, mainstream technology, as the core business system(s) of the county.
- Minimize the number of separate information systems, and the interfaces that connect them, running on different computers, written in different programming languages, and utilizing separate databases.
- Limit customizations to the software to hold down implementation costs, to support standardization of business practices, and to preserve the ability to upgrade to new versions as they are released.
- Support automated workflow management, including automated review and approval for functions ranging from budget management, to human resource events, to purchasing activities, based on business rules.
- Develop system audit and control capabilities.

Human Resource Management Business Goals

- Improve human resource management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning for key employees, labor issues, class/comp/labor contract implementation, and contract and temporary labor management tracking.
- Increase effectiveness in the delivery of human resource activities resulting in reduced processing time.

Payroll Business Goals

- Provide employees the information needed to validate that their pay stubs are accurate.
- Produce timely and accurate paychecks.
- Integrate with Financial transaction processing and reporting and budget management.

Budget Preparation Business Goals

- Improve the county’s ability to budget and measure program success based on performance metrics.
- Support a countywide, public sector operating and capital budget preparation system (module) that can be used to model and evaluate potential budgets.
- Provide the capability to distinguish between local and countywide budget information.

Financial Accounting Business Goals

- Maintain system reliability and stability to ensure integrity of financial data for general ledger, procurement, accounts payable, accounts receivable, cash management, debt management, fixed assets and financial reporting and the appropriate use of public funds.
- Support budget monitoring with easy reporting of budget balances available which reflect current budget updates, pre-encumbrances (request for purchases) and encumbrances (purchase commitments).
- Provide for accurate project and grant accounting of expenditures and revenues.

4.0 Governance and Management Structure

The ABT program is complex. Planning and implementation will take place over five years or more and will involve many key actors -- county elected officials, county department and division directors and managers, county staff, and consultants. Roles and responsibilities for each must be clearly defined.

Described below are the main functions of ABT leadership and accountability, policy direction and oversight, implementation and advisory structure and management structure. Chart One (p. 13) illustrates the governance structure that will provide ABT policy direction and oversight. Chart Two (p.14) presents the management structure that will manage ABT implementation.

4.1 ABT Leadership and Accountability

The **King County Executive**, as the Executive Sponsor of the ABT Program, is ultimately accountable for the success of the ABT Program. The Executive Sponsor provides ABT program leadership, advocates commitment from other elected officials, directs executive department program compliance, and supervises the program sponsor.

4.2 ABT Policy Direction and Oversight

Two bodies provide policy direction and high-level oversight for the ABT program: the Council and the ABT Leadership Committee, a subcommittee of the Strategic Advisory Council. In addition, the Project Review Board provides oversight of the ABT Program.

4.2.1 Metropolitan King County Council: The Council has charter-based powers to establish policy and to provide oversight of the county. Council will exercise these charter based powers by approving any changes to the ABT program direction, program governance and management organization; appropriating and disappropriating funds for ABT; and providing its own independent oversight over ABT planning, implementation and performance.

The Council will have independent program oversight which reports directly to the Council. The goal of the Council's program oversight is to monitor the program to determine if the program is meeting its scope, schedule, budget and performance targets. It is expected that the oversight consultant will provide quarterly reports to Council during the life of the project. These quarterly reports may be shared with the ABT Leadership Committee of the Strategic Advisory Council at the direction of the Chair of the Council.

4.2.2 Strategic Advisory Council – ABT Leadership Committee: The Strategic Advisory Council (SAC) is chaired by the County Executive and comprises elected officials from all county agencies² and representatives from the private and public sectors (K.C.C. 2.16, as amended). This county-wide committee is an advisory committee to the County Executive.

An ABT Leadership Committee will be created by the Strategic Advisory Council as a subcommittee of the SAC. The ABT Leadership Committee will be chaired by the ABT Executive Sponsor. Membership of the committee will consist of county elected officials who are members of the Strategic Advisory Council.

The primary roles of the ABT Leadership Committee specific to the ABT program are as follows:

- **Review and Approval:** Review and approve major ABT policy -related transmittals to the County Council that are proposed by the Executive Sponsor, such as the high-level business design, detailed implementation plan and cost-benefit assessment;

² Two members from the county council, the Assessor, the Sheriff, the Prosecuting Attorney, the Superior Court Presiding Judge, and the District Court Presiding Judge.

- **Oversight:** Oversee the implementation of ABT to: (a) ensure consistency with the adopted ABT Program direction, scope, schedule and budget; (b) monitor that the program stays within adopted scope, schedule and budget; and (c) recommend to the County Executive changes to the adopted ABT program scope, schedule and budget; and
- **Advocacy/Support:** Within each member's respective independent agency: (a) advocate for the program; (b) ensure that business practices are aligned with the program; and (c) commit appropriate levels of funding and resources within each agency.

The ABT Leadership Committee will have independent program oversight which reports directly to itself. The ABT Leadership Committee will select its independent oversight consultant and evaluate its performance.

The goal of this independent program oversight is to monitor the program to determine if the program is meeting its scope, schedule, budget and performance targets. Independent program oversight, operating in a proactive, problem avoidance manner should be utilized throughout ABT program implementation. It is expected that the oversight consultant will provide monthly reports to the ABT Leadership Committee during the life of the program. The adequacy of the program oversight and review of the oversight consultant shall reside with the ABT Leadership Committee.

The consultant provides the ABT Leadership Committee with timely, valid, and unbiased information about the ABT program on a monthly basis. The independent oversight consultant's reports shall be released contemporaneously to the ABT Leadership Committee, the Program Sponsor, the Chair of the County Council, the lead staff to the operating budget committee or its successor and the County Auditor. Failure to release these reports contemporaneously to all parties could result in Council disappropriation of funds for the ABT program.

4.2.3 External Advisory Committee: The ABT Leadership Committee will establish an External Advisory Committee comprised of private sector and non-county sector members experienced in the implementation of enterprise resource planning systems such as Finance, Human Resources and Budget systems, as an advisory group to the ABT Leadership Committee and to the ABT Program Manager. Private sector and non-county public sector members of the Strategic Advisory Council who are interested will be invited to

serve on the External Advisory Committee. The External Advisory Committee will be convened as needed by the ABT Leadership Committee. The ABT Leadership Committee will determine the number of members and duration of appointments to the External Advisory Committee. The Chair of the Leadership Committee in consultation with Leadership Committee members will appoint members of the External Advisory Committee.

The primary roles of the External Advisory Committee specific to the ABT Program are:

- To review ABT Program Initiatives and progress for reasonableness based on private sector and non-county public sector experiences; and
- To provide county officials and the ABT Program an external perspective from which to evaluate proposed business process changes to county operations.

4.2.4 Project Review Board: As it does for all projects under its jurisdiction, the Project Review Board will monitor the ABT Program. The Project Review Board is chaired by the Chief Information Officer and includes the Director of the Office of Management and Budget, the Assistant County Executive, and the Director of the Department of Executive Services (K.C.C. 2.16.07585). The Project Review Board serves in an oversight role and will monitor the ABT program monthly to review ABT program progress and to approve the release of program funding.

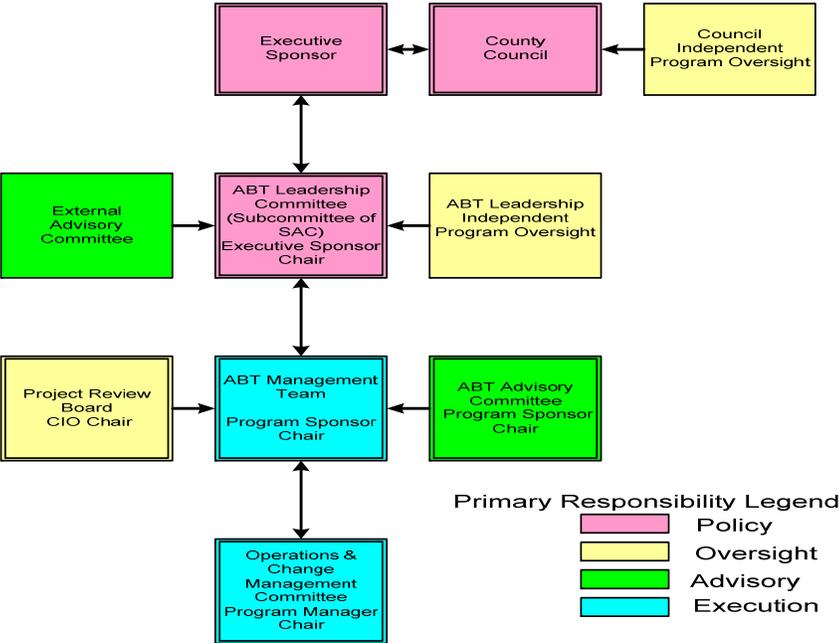
4.3 ABT Implementation and Advisory Structure

4.3.1 ABT Management Team: The ABT Management Team is chaired by the ABT Program Sponsor and is responsible for ABT implementation. Membership includes the Chief Information Officer, Director of the Office and Management and Budget, Assistant County Executive and the Deputy Program Sponsor. The primary roles of the ABT Management Team is to provide senior management level planning and operational leadership for the program and to resolve program issues, in accordance with the process specified in Section 5.0 of this charter. In addition, the ABT Management Team proposes ABT program policies and plans, such as the high-level business design, detailed implementation plan and cost/benefit assessment to the ABT Leadership Committee of the Strategic Advisory Council. It also monitors program progress, ability to stay within scope, schedule and budget, and realization of program benefits.

4.3.2 ABT Advisory Committee: The ABT Advisory Committee will be convened at least quarterly by the ABT Management Team when elected agency input and advice is needed. The ABT Advisory Committee is chaired by the ABT Program Sponsor and is advisory to the ABT Management Team. Membership includes the Chief Information Officer, Director of the Office and Management and Budget, the Assistant County Executive, ABT Deputy Program Sponsor and six members consisting of high-level staff appointed by each separately elected official. Any advisory committee member may request the program sponsor to call a meeting of the advisory committee. In addition, any ABT Advisory Committee member may recommend to either the Program Sponsor or to the elected official they represent that policy, planning and implementation issues proceed to the ABT Leadership Committee for resolution, in accordance with the process specified in Section 5.0 of this charter.

4.3.3 ABT Operations and Change Management Committee: This committee is chaired by and advises the ABT Program Manager. This committee consists of the ABT Deputy Program Sponsor, Department of Executive Services division directors and representatives from the Office of Information Resources and Management and the Office of Management and Budget. Representatives of the separately elected officials and executive branch departments will be added over time, depending on the schedule for agency implementation. The committee monitors the business process changes and the ABT scope, schedule and budget. It is the first level of the governance structure that identifies and resolves issues, in accordance with the process specified in Section 5.0 of this charter.

Chart One: Governance Structure
Accountable Business Transformation Roles and Responsibilities



4.4 ABT Management Structure

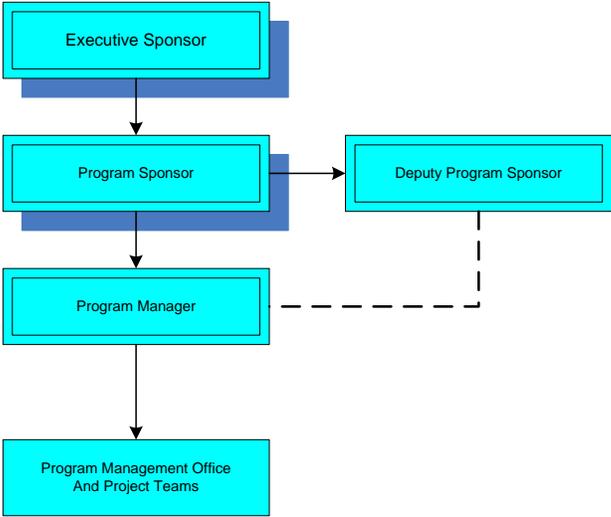
4.4.1 Program Sponsor: The County Administrative Officer is the ABT Program Sponsor who is accountable for managing the ABT Program and ensuring that planning and implementation is accomplished within approved scope, schedule and budget. The Program Sponsor supervises the ABT Deputy Program Sponsor and Program Manager.

4.4.2 Deputy Program Sponsor: The ABT Deputy Program Sponsor addresses the need for day-to-day redundancy and provides succession planning for the functions of the Program Sponsor. The Deputy Program Sponsor attends all policy and oversight meetings.

4.4.3 Program Manager: The Program Manager reports to the Program Sponsor and directs ABT planning and implementation tasks, manages the ABT scope, schedule and budget, manages the program management office consultants. The Program Manager is responsible for providing timely information to the Council's and ABT Leadership Committee's program oversight consultants.

4.4.4 Program Management Office: The Program Management Office carries out ABT planning and implementation tasks under the direction of the Program Manager. The office staffing and resources are yet to be determined, but will consist of a combination of existing county staff (on loan), new county staff and consultants.

Chart Two: Management Structure
Accountable Business Transformation Program



5.0 Issue Escalation During Implementation

5.1 Issue Management Defined: An issue is a problem, concern, question, roadblock, or activity that occurs during implementation:

- Must be resolved before tasks can begin or be completed;
- Requires some level of action to resolve; and
- Is not addressed by a planned activity.

Issue management is a process for reviewing and addressing ABT issues in a consistent and disciplined manner. The issue management process ensures that implementation issues are properly defined, escalated to management or leadership, tracked so that it is clear who is accountable for having made the decision, and, when necessary, incorporated within the ABT Program scope of work.

5.2 Issue Reporting: All new implementation issues will be reported to the ABT Program Manager. Monthly, the ABT Operations and Change Management Committee will receive a report of all new and all open issues. If the issue has been resolved, the resolution will be noted. For all issues requiring senior management review, the relevant issue will be reported to the ABT Management Team. The ABT Management Team may convene the ABT Advisory Committee if advice from separately elected agencies is needed to resolve the issue. The ABT Management Team may invite representatives from the impacted departments or agencies to present their perspective regarding an issue at an ABT Management Team meeting. If an issue is not resolved by the ABT Management Team in a timely manner, the issue shall be referred to the ABT Leadership Committee of the Strategic Advisory Council which will make a recommendation to the County Executive on how the issue shall be resolved. The County Executive's decision shall be recorded and sent to all ABT Leadership Committee members.

5.3 Issue Management Plan: Once it is decided to begin detailed implementation planning for the ABT Program, the ABT Program Manager will develop an Issue Management Plan. The Issue Management Plan will be reviewed by the ABT Management Team and approved by the ABT Leadership Committee of the Strategic Advisory Council. The plan will describe how issues will be identified, reported and recorded. The plan will also include the form to be used for reporting issues and the reporting format for recording issues. The ABT Program Office will be responsible for maintaining the ABT Program issue tracking database and for generating reports.

6.0 Program Charter Amendments

Amendments to this charter may be initiated from any member of the ABT Program governance. Amendments initiated by any member of the ABT Operations and Change Management Committee will be discussed by the ABT Management Team. If the ABT Management Team decides that the charter amendment should be amended, an amended program charter will be presented to the ABT Leadership Committee of the Strategic Advisory Council for its review and approval. If the majority of the ABT Leadership Committee approves the amended program charter, the County Executive shall transmit the amended program charter by motion to the County Council for its review and possible approval. If the County Council approves a charter amendment, the amendments will be included in this document and the revised program charter published.

APPENDIX A:

FULL TEXT OF ABT PROGRAM VISION AND GOALS STATEMENT



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Motion 11729

Proposed No. 2003-0255.2

Sponsors Constantine, Hague and Phillips

1 A MOTION approving the vision and goals statement
2 recommended by the Strategic Advisory Council and
3 accepting the county executive’s plan for conducting a
4 roadblocks action plan followed by a quantified business
5 case analysis of the countywide financial, budget and human
6 resource business operations and the scope, schedule and
7 budget for the expenditure of the funds.

8
9

10 WHEREAS, in order for an enterprise project to be successful a project must have
11 a clear business vision that is closely aligned with the county’s short- and long-term
12 goals, and

13 WHEREAS, the county council requested development and approval of a vision
14 and goals statement in advance of funding a quantifiable business case, and

Motion 11729

15 WHEREAS, the Strategic Advisory Council approved at its meeting of April 16,
16 2003, a Vision and Goals Statement with one amendment to encourage the timely
17 resolution of issues and roadblocks, risks, decisions and communication to maintain
18 momentum and successful achievement of goals, and

19 WHEREAS, the county executive recommends the Vision and Goals Statement as
20 amended by the Strategic Advisory Council and attached to this motion, and

21 WHEREAS, the adopted 2003 King County Budget Ordinance, Ordinance 14517,
22 Section 118, contained the following proviso related to the funding requested and
23 appropriated for the financial systems replacement project:

24 "Of this appropriation for CIP project 344190, financial systems business case
25 analysis project, \$430,000 shall be expended or encumbered only after the executive
26 submits and the council approves by motion a vision and goals statement for the financial
27 systems business case analysis project. The motion and vision and goals statement must
28 be filed in the form of 16 copies with the clerk of the council, who will retain the original
29 and will forward copies to each councilmember and to the lead staff for the labor,
30 operations and technology committee and the budget and fiscal management committee
31 or their successors," and

32 WHEREAS, the county executive with this motion has submitted a work program
33 and a plan to develop a roadblock action plan and conduct a quantified business case
34 analysis; and the scope and schedule for the expenditure of the funds provided in the
35 2003 King County Budget Ordinance, Ordinance 14517;

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

Motion 11729

37 The county executive's recommendation for the vision and goals statement is
38 hereby adopted.

39 Of the appropriation for CIP Project 344190, \$430,000 shall be expended to
40 develop a roadblock action plan and conduct a quantified business case analysis. The
41 county executive's plan for conducting a quantified business case of financial systems
42 replacement shall include an analysis, with associated costs estimated, of the capability to
43 conduct analyses that distinguish between local and countywide revenues and
44 expenditures within the budgeting, human resources, payroll and financial business areas.
45 It also shall include development of key performance measures (outcome and process
46 measures) that would be used to judge whether future projects meet their vision and
47 goals. The business case analysis scope of work shall consider the needs requirement
48 that the budget information system module shall interact with finance, human resource
49 and payroll information system modules and shall provide real-time, monthly, year-to-
50 date and historical data. The budget, finance, human resource and payroll information
51 systems shall be equally accessible to executive and council staff.

52

Motion 11729 was introduced on 6/2/2003 and passed by the Metropolitan King County Council on 6/16/2003, by the following vote:

Yes: 12 - Ms. Sullivan, Ms. Edmonds, Mr. von Reichbauer, Ms. Lambert, Mr. Phillips, Mr. Pelz, Mr. McKenna, Mr. Constantine, Mr. Hammond, Mr. Gossett, Ms. Hague and Mr. Irons

No: 0

Excused: 1 - Ms. Patterson

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

Motion 11729

ATTEST:

Attachments

A. Enterprise Financial, Human Resources, and Budget Management Vision and Goal Statement, B. Roadblocks Identification and Action Plan Work Program and Business Case Analysis Scope of Work

**Enterprise Financial,
Human Resource,
and
Budget Management**

Vision and Goals Statement

Executive Recommendation
April 18, 2003

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Preface

This document provides the initial recording of the vision and goals for providing financial, human resource and budget management functions and services. It should be considered a “living” document since changes may be required or desired as the county performs a more detailed business evaluation of its operations to support the quantified business case for replacing its financial systems.

The Appendix contains a more detailed Background description as well as the legislation directly related to the purpose of this document.

Problem Statement

Presently, the county operates with two accounting and financial reporting systems and two human resource/payroll systems. These four separate systems perform the fundamental central financial functions for the county, but are not integrated and have inefficient interfaces. County departments and agencies follow divergent policies and procedures, use inconsistent business processes and support multiple computing systems. This results in poor integration, redundant data entry, time-wasting reconciliation, and high systems maintenance, staff support and upgrade costs. While there has been improvement with the Peoplesoft and Oracle systems, many of the business systems and practices are still outdated, and inflexible. Business-process improvement changes required for legal compliance, ad-hoc reporting, and productivity improvements are difficult to achieve in this environment.

COMPLEX ENVIRONMENT

Complexities that exist in King County are noted below:

- The county employs approximately 15,000 individuals who are currently represented by 95 bargaining units within 15 distinct departments/agencies.
- The county’s elected officials comprise 94 separately elected positions (Assessor, Councilmembers, Executive, Prosecuting Attorney, Sheriff, District Court Judges and Superior Court Judges).
- The county manages 1,790 separate funds/subfunds of which 1,348 are external agency subfunds.
- Core County services are at risk for 2004 and beyond as the county's Current Expense (CX) Fund continues to face substantial deficits each year. The Office of Management and Budget’s most recent projections have identified a 2004 deficit of \$21 million, and another \$21 million in 2005 and \$15 million in 2006. Similar deficits are expected each year thereafter, as the

County's revenues fail to keep pace with the normal growth of expenditures. Funding of basic county services will have to be reduced each year.

- The history associated with the previous Financial System Replacement Project (FSRP) flavors all future efforts. FSRP acquired PeopleSoft HRMS software in late 1997 to replace the County's Payroll /HR systems, and SAP R/3 software in late 1998 to replace the county's core financial systems. The appropriation for this implementation effort was exhausted after the implementation of the former Metro agencies to PeopleSoft HRMS. The project was suspended in the spring of 2000.
- In 1994, King County and the former Metro merged to create one government. The FSRP was intended to complete this merger with common business practices and a common financial and human resource system. Due to the suspension of FSRP in the spring of 2000, many vestiges of the two governments remain today which are highlighted in two consultant reports titled "FSRP Critical Assessment Report" and "FSRP Project Assessment and Implementation Planning – Business Case" prepared by Dye Management & IBM.

KING COUNTY MISSION STATEMENT

Enhance King County's quality of life and support its economic vitality by providing high-quality, cost-effective, valued services to our customers.

King County government pursues this mission by deploying approximately 15,000 employees within 15 distinct departments/agencies with a collective annual budget of over \$3.1 billion in 2003. In addition, to support this mission and incumbent organizational structure, it is the mission of the various financial, human resources, payroll, and budget operations of the county to perform accounting, procurement, human resources, payroll, budget, and other financial management services that provide comprehensive strategic planning and decision support capabilities, and contribute to and sustain the core objectives of the agencies, in a timely and accurate manner, and in the most efficient method possible.

ENTERPRISE FINANCIAL, HUMAN RESOURCE, AND BUDGET MANAGEMENT VISION

VISION STATEMENT

King County's financial, human resource, and budget management functions are fully integrated, efficient and effective, and enhance the county's ability to provide essential services to its customers.

Realization of this vision will require a transformation and standardization of business processes, a single core public sector financial system including budget management, and a complete migration to the PeopleSoft HRMS.

Within this vision, King County’s financial, human resource, payroll, and budget operations have established nine Guiding Principles that will drive future financial systems efforts:

Guiding Principles:

2. Ensure effective leadership, comprehensive stakeholder agreement and alignment with county’s goals

Critical success factors for implementing this vision are support for and participation in continuous work to maintain alignment of the vision and goals

with any proposed or planned changes to business practices including but not

limited to:

- Clear policy leadership and direction from all elected officials;
- Highly committed sponsorship from all agencies;
- Sustained commitment and buy-in from all stakeholders; and
- Timely resolution of issues and roadblocks, risks, decisions and communication to maintain momentum and successful achievement of goals.

3. Apply the Technology Governance direction for future project efforts

Establish a strong project governance structure to implement a phased implementation of PeopleSoft HRMS countywide and re-evaluate core financials and budget management options. These steps would follow achievement of guiding principle number one.

4. Standardize and streamline operations and business practices to adopt best practices

King County will adopt an operational model that standardizes financial, human resource management, and budget management business practices across all agencies, with flexibility to accommodate business and regulatory changes in order to streamline operations and coordinate workflows between business units within departments and between finance and human resource units and other departments. The county will establish understandable and usable policies and procedures that support universal activities such as human resource management, budget management, labor reporting, project accounting, accounting, procurement, contract management, receivable and payable processes, fixed asset, inventory management, and accounting and financial reporting. This standardization will eliminate non-value-added duplication of efforts, minimize errors, improve communications, and allow for the centralization, or decentralization or hybrid models with consistent standards. Criteria will be developed with stakeholder input to determine which functions will be centralized and what a common set of best practices will be for the county.

4. Consolidate and integrate the computing infrastructure to eliminate redundancy

King County will replace the current legacy systems to the extent necessary to achieve efficiencies and reduce risk. In their place, the county will consolidate the computing infrastructure required to perform these financial management, human resource/payroll, and budget management functions to a fully integrated solution by implementing a single core financial and budget management system, migrating human resource and payroll functions to PeopleSoft, and providing integration between the system(s). As a result of implementing such a system(s), King County will minimize or eliminate various redundant data entry, transcription, and reconciliation activities currently required. While county departments will be able to meet core financial and human resource needs with a central, core system certain unique needs may require separate solutions. System owners and users will be consulted to develop criteria to determine which needs will be met with the central systems and which will be met with unique systems.

5. Reduce computer maintenance, management, and service costs

King County will minimize total maintenance and management costs and establish a structure to support ongoing maintenance of the integrated system, ensuring progressive improvements in the operations environment and management of future upgrades.

6. Improve customer service, decision support, and reporting capabilities

King County will improve customer service, decision support, and general management capability by being able to more easily access enterprise-wide, cross-agency information and to utilize modern web-enabled capabilities. The county will be able to more easily access and manage financial, human resource and budget information throughout the year, with that information updated and reported against actuals on a current and timely basis. By leveraging central purchasing, the county will better manage purchases and increase the amount of vendor discounts taken. Additionally, the single-source infrastructure would enable communication and could be accessed whenever needed.

7. Enhance existing service levels and capabilities

King County will enhance existing financial, human resource, and budget management capabilities.

8. Ensure the privacy and security of financial, human resource and budget information

Employ security practices that safeguard financial, human resource and budget systems and information, and prevent unauthorized access to information.

9. Commitment to organizational and “county cultural” change must be accepted and effectively implemented

All county agencies under all elected county officials, must work together to resolve issues including barriers in state and county code.

Business Goals

General Operational Goals

The following are the major business goals for the enterprise financial and human resource system(s):

- Ensure continued compliance with all federal, state and local laws and regulations including Generally Accepted Accounting Principles (GAAP), IRS requirements, State of Washington Budget, Accounting Reporting Systems (BARS), countywide policies and procedures, collective bargaining agreements and the county's strategic business initiatives and internal audit and control requirements.
- Standardize and improve business processes and practices and work to eliminate impediments to adopting best practices.
- Ensure that a common definition and understanding of core systems is agreed to and reinforced by the county's technology governance structure and direction.
- Eliminate administrative activities that add no value.
- Capture and make available the financial, human resource and budget information needed to effectively manage programs and measure their success.
- Work with stakeholders and business process owners to streamline the county's core financial, human resource and budget processes.
- Support basic financial, human resource, and budget functions within the core system(s) of the county, making that system(s) the "system of record". Minimize dependency on "secondary" or "side" systems in the performance of mission-critical functions. Use the core system(s) as a business backbone, or foundation upon which to automate additional business functions in the future in an integrated fashion.
- Provide the capability to conduct analyses that distinguish between local and countywide revenues and expenditures within the financials, human resources, payroll, and budgeting business areas.
- Provide agencies, and specifically system users and functional managers, with the necessary technology, tools, and training to enable them to extract the data they require to meet their business needs.
- Make information more readily available, as appropriate, to all county agencies, the general public, and the business community.
- Greatly enhance general reporting capabilities countywide. Organize information in a way that facilitates easy, rapid access, and provide reporting tools and interfaces that support easy desktop access as appropriate.

- Improve the county's ability to conduct business, human resources and technology planning based on reliable, timely financial and human resource data.
- Support effective, efficient auditing of county records in accordance to Generally Accepted Auditing Standards.

Technology Specific Goals

The following are the major technical goals for the enterprise financial, human resource and budget system(s):

- Ensure security controls that are capable of enforcing the county's business rules, access policies, and legal obligations with regard to employee data, financial and budget information, and business activities.
- Evaluate the short and long term system needs of the financial, human resource and budget operations of the county, and deploy proven commercial software and hardware solutions that utilize current, mainstream technology, as the core business system(s) of the county.
- Minimize the number of separate information systems, and the interfaces that connect them, running on different computers, written in different programming languages, and utilizing separate databases.
- Provide effective interfaces between the proposed financial and HRMS systems and other systems that provide critical information to them. Example: Property tax billing and collection system and the Local Improvement (LID) system.
- Limit customizations to the software to hold down implementation costs, to support standardization of business practices, and to preserve the ability to upgrade to new versions as they are released.
- Support automated workflow management, including automated review and approval for functions ranging from budget management, to human resource events, to purchasing activities, based on business rules.
- Take advantage of the strengths of the Web to the extent appropriate based on the county's technical infrastructure plan and the capabilities of the selected software package.
- Develop system audit and control capabilities.
- Where practical, replace paper forms and documents with electronic documents that can be filed, transferred, and retrieved efficiently.

Human Resource Management Business Goals

The following are specific goals associated with human resource management:

- Provide employees, retirees, and fiduciaries direct and secure access, as appropriate, to personnel, payroll, time and attendance, benefit, and retirement information.

- Improve human resource management to include: position management, recruitment, training administration, competency management, career planning for manager level and higher, succession planning for key employees, labor issues, class/comp/labor contract implementation, and contract and temporary labor management tracking.
- Provide secure access to and maintenance of human resource related information by supervisors and managers to meet their management decision-making activities.
- Empower employees to secure access and maintain their own human resource information where appropriate.
- Increase effectiveness in the delivery of human resource activities resulting in reduced processing time.

Payroll Business Goals

The following are specific goals associated with payroll management and processing:

- Comply with labor agreements, as well as federal, state and county laws.
- Reduce time required to capture time and process payroll, and shorten the lag between end of pay-period and payday.
- Provide employees the information needed to validate that their pay stubs are accurate.
- Produce timely and accurate paychecks.
- Improve access to historical information.
- Pay all employees on a common, bi-weekly, pay cycle from a single payroll system by migrating all employees to the PeopleSoft system.
- Support labor distribution with a system that is compatible with PeopleSoft and the financial system that is implemented.

Budget Preparation Business Goals

The following are specific goals associated with budget preparation:

- Improve the county's ability to budget and measure program success based on performance metrics.
- Support a countywide, public sector operating and capital budget preparation system (module) that can be used to model and evaluate potential budgets.
- Support historical analysis of agency, department, and division budgets, allowing for tracking of past year budget and actual information.
- Support position and project budgeting.
- Provide the capability to distinguish between local and countywide budget information.

Financial Accounting Business Goals

The following are specific goals associated with financial accounting:

- Maintain summarized data for General Ledger that in turn reconciles with subsidiary ledgers.
- Reflect accurate project and grant accounting expenditures and revenues, and provide the capability to conduct analyses that distinguish between local and countywide revenues and expenditures.
- Support the timely closure of month-end and year-end processes.
- Manage centrally performed accounts receivable billing, and collection enforcement functions and reporting.
- Support the budget monitoring process by allowing encumbrances (purchase orders/contracts), pre-encumbrances (requests for purchase), accruals (Accounts Payable liabilities) and the tracking of expenditures against these commitments.
- Improve the ability to quickly and easily report budget balances available at the fund, cost center, and project level, and also provide for use of contra account balances.
- Support the ability to maintain and track current budget adjustments and appropriation/funding levels throughout the year.
- Support the county's investment program, cash and debt management, and trust and agency responsibilities through appropriate interfaces to the General Ledger.
- Maintain system reliability and stability to ensure integrity of financial data for general ledger, procurement, accounts payable, accounts receivable, cash management, debt management, fixed assets and financial reporting and the appropriate use of public funds.
- Maintain a financial system that ensures responsive and accurate financial services to all customer agencies.

Purchasing and Inventory Management Business Goals

The following are specific goals associated with purchasing and inventory management:

- Support a single countywide procurement process and ensure accurate application of procurement regulations, policies and procedures, and established standards for contract development, negotiation and utilization.
- Improve county materials management by integrating purchasing, inventory and financial functions; providing robust information on county goods and services; and by streamlining processes with contemporary technology.

Appendix

Background & CONTEXT FOR VISION and GOALS

In Motion 11549 adopted by the King County Council on October 18, 2002, the following resolution was moved:

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

The county executive's plan, scope, schedule and budget for developing a vision and goals statement is hereby adopted.

Of the appropriation for CIP Project 344190, FSRP business case analysis project, only \$20,000 shall be expended.

For the appropriation for CIP Project 344190, FSRP business case analysis project, \$430,000 shall only be expended following council approval by motion of the vision and goals statement.

This document represents the initial recording of the vision and goals for addressing King County's challenges regarding its financial services and human resource operations throughout the government, as requested by this motion.

In the same motion as referenced above, the King County Council included the following:

AND BE IT FURTHER MOVED by the Council of King County:

The county executive's plan for conducting a quantified business case of financial systems replacement shall include development of key performance measures to be included in the King County Definition for Vision and Goals and Roadblocks Resolution document. Performance measures shall include both outcomes and process measures that would be used to judge whether future projects meet their vision and goals.

Therefore, this document should be considered a "living" document. The vision and goals may be refined as the county performs a more detailed business evaluation of the various operations throughout the enterprise. High level measures are appropriate at the visioning and goal setting stage. More specific metrics will be developed in conjunction with the business case as well as with each phase of any future program development and implementation.

Lastly, the motion directed the following:

AND BE IT FURTHER MOVED by the Council of King County:

The county executive's plan for conducting a quantified business case of financial systems replacement shall include an analysis, with associated costs estimated, of the capability to conduct analyses that

distinguish between local and countywide revenues and expenditures within the budgeting, human resources, payroll and financials business areas.

This analysis is requested with the quantified business case that would be initiated following the Council's adoption of this vision and goals statement. This requirement is noted as a general operational goal.

In addition to this direction set by Council motion, the Business Management Council and the Strategic Advisory Council both approved a course of action for the county in this endeavor based upon the Dye/IBM Report.

DYE/IBM report dated July 17, 2001 recommended:

“sequentially ‘phased’ program implementation strategy that allows the County to focus its attention and resources on a single project at a time, with each project building upon the accomplishments of the previous as the program progresses.

First, the County must address the organizational and technical barriers to program continuance and success listed in the Critical Assessment through a Phase 0 effort. Key activities of Phase 0 include:

- Re-validate and confirm the program vision and its alignment with the County's short- and long-term goals.
- Confirm sponsorship of the program vision among key stakeholders.
- Confirm throughout the end-user community.
- Establish a strong project governance structure.

Without clear acceptance of the vision and its alignment with the County's goals, buy-in from the system owners, and a strong governance structure, we recommend that the County not proceed with additional program re-start activity outside of completing the PeopleSoft HRMS sustaining activities (release upgrades, developing functional procedures, etc.). Such efforts would be at an unacceptably high risk of failure.

Second, the County should select an alternative with which to move forward. We recommend that the County select Alternative 2 which was identified in the Critical Assessment - Phased Implementation of PeopleSoft

HRMS County-wide and Re-evaluation of Core Financials Options. Reasons for this are:

- It will provide significant benefits.
- It is a reasonable risk implementation alternative, given that it is phased and shares risk with an outside integrator.
- It moves the County to a single HRMS in the near term.
- It provides the County the opportunity to reassess its financial software selection and implementation strategy after implementing Payroll and Human Resources.

While this alternative recommends continued implementation of PeopleSoft Payroll and Human Resources systems, it does not recommend a particular core financials software package. Rather, it provides the County the opportunity to reassess its financial software selection and implementation strategy at a point in the future closer to the beginning of actual implementation.”

In November 2001 the Business Management Council (BMC) approved the recommendations of the Dye report with modest modifications.

- The phased implementation approach, methodology and critical success factors outlined in the DYE/IBM Report were viewed favorably by the validation team.
- The validation team in conjunction with the Business Management Council & Technology Management Board representatives strongly oppose the hiring of external consultants to develop a detailed implementation plan before the county has bought into a common vision and set of goals for a new financial system.
- Work the county should consider doing and taking the lead on prior to initiating a detailed implementation plan:
 - 1) Define and agree on a common vision and set of goals to be accomplished by a new financial system
 - 2) Identify specific agency difficulties in implementing the vision and goals
 - 3) Resolve roadblocks, set up policies prior to developing a detailed implementation plan
 - 4) Develop a quantified business case specific to King County.

The Strategic Advisory Council (SAC) approved the BMC's recommendation on December 5, 2001. The SAC actions on this subject at this meeting are as follows:

- Endorse the findings outlined in the governance report (or amend and then endorse accordingly)
- Direct CIO and the county business sponsor (County Administrative Officer) to develop a work plan for defining goals, identifying roadblocks and drafting policies through the county's governance process and structure
- Direct CIO and the county business sponsor (County Administrative Officer) to create a work plan to develop a quantified business case specific to King County for restarting the Financial Systems Replacement Project
- Commit support of your staff to identify your agency's issues
- Endorse the use of \$450,000 set aside in the 2002 Budget to fund the work in the plans that will be developed per the above

In the technology governance meetings it was agreed that the following three risks be mitigated before moving forward with any restart decision:

1. Lack of a common vision and workable governance structure
2. Moving forward with restarting FSRP without a shared goal and governance process involving, all separately elected officials and line departments.
3. All separately elected officials not working together in a cooperative, non-political manner.

The vision and goals statement recommended herein is framed by the Council's direction in Motion 11549 as well as the Technology Governance's direction provided by the SAC and BMC relative to the Dye/IBM Report.

Legislation

Ordinance 14265 [2002 Adopted Budget ordinance] Section 119:

PROVIDED THAT Of this appropriation, CIP project 344190, FSRP business case analysis project, \$450,000 shall only be expended following council approval by motion of: a plan for FSRP restart; and the scope and schedule for the expenditure of the funds. The documents must be filed with the council clerk. The original and 16 copies must be delivered to the clerk, who will retain the original and will forward copies to each councilmember and to the lead staff for the budget and fiscal management committee and the utilities and technology committee, or their successors

Ordinance 14517 [2003 Adopted Budget ordinance] Section 118:

PROVIDED THAT Of the appropriation for CIP project 344190, financial systems business case analysis project, \$430,000 shall be expended or encumbered only after the executive submits and the council approves by motion a vision and goals statement for the financial systems business case analysis project. The motion and vision and goals statement must be filed in the form of 16 copies with the clerk of the council, who will retain the original and will forward copies to each councilmember and to the lead staff for the labor, operations and technology committee and the budget and fiscal management committee or their successors.

APPENDIX B:

FULL DESCRIPTION OF TEN GUIDING PRINCIPLES

1. Ensure effective leadership, comprehensive stakeholder agreement and alignment with county's goals

Critical success factors for implementing this vision are support for and participation in continuous work to maintain alignment of the vision and goals with any proposed or planned changes to business practices including but not limited to:

- Clear policy leadership and direction from all elected officials;
- Highly committed sponsorship from all agencies;
- Sustained commitment and buy-in from all stakeholders.

2. Apply the Technology Governance direction for future project efforts

Establish a strong program governance structure to implement a budget system, phased implementation of PeopleSoft HRMS countywide and phased implementation of Oracle Financials countywide. These steps would follow achievement of guiding principle number one.

3. Standardize and streamline operations and business practices to adopt best practices

King County will adopt an operational model that standardizes financial, human resource management and budget management business practices across all agencies, with flexibility to accommodate business and regulatory changes in order to streamline operations and coordinate workflows between business units within departments and between budget, finance and human resource units and other departments. The county will establish understandable and usable policies and procedures that support universal activities such as human resource management, budget management, labor reporting, project accounting, accounting, procurement, contract management, receivable and payable processes, fixed asset, inventory management, and accounting and financial reporting. This standardization will eliminate non-value-added duplication of efforts, minimize errors, improve communications, and allow for the centralization, or decentralization or hybrid models with consistent standards. Criteria will be developed with stakeholder input to determine which functions will be centralized and what a common set of best practices will be for the county.

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7. Enhance existing service levels and capabilities

King County will enhance existing financial, human resource, and budget management capabilities.

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