

State of Alaska Department of Administration

Presentation to Senate Finance Subcommittee

Leslie Isaacs – Administrative Services Director
Kate Sheehan – Director, Division of Personnel & Labor Relations
Thor Vue – Chief Procurement Officer, Office of Procurement & Property Management
Ali Petershoare – Director (Acting) Shared Services of Alaska – Accounts Payable & Travel
Bill Smith – Chief Information Officer, Office of Information Technology
Hans Zigmund – Director, Division of Finance

March 15, 2023



Department of Administration: Mission and Organization

Mission: Provide consistent and efficient support services to state agencies so that they may better serve Alaskans.

Services to State Agencies

Office of Admin. Hearings	Admin. Services	Finance
Personnel and Labor Relations	Shared Services of Alaska	Office of Information Technology
Procurement and Property Management	Risk Management	Retirement and Benefits

Services to the Public

Retirement and Benefits	Office of Public Advocacy	Public Defender Agency
Alaska Public Offices Commission	Public Communications Services	Motor Vehicles

Department of Administration: Governor's Administrative Orders

Administrative Order No. 284: Information Technology - The purpose of this order is to centralize all telecommunication and information technology services currently performed by executive branch agencies and consolidate them statewide under the authority of a single Office of Information Technology headed by the Chief Information Officer (CIO), which will be a statewide position housed within the Department of Administration.

Administrative Order No. 304: Procurement - The purpose of this order is to streamline and increase accountability of non-construction procurement activities within the Executive Branch of State government by realigning non-construction procurement staff to create solid line reporting to the DOA Commissioner or Commissioner Designee in DOA and clear managerial reporting within their respective agencies. Accordingly, this order also establishes the Office of Procurement and Property Management within the DOA.

Administrative Order No. 305: Human Resources - The purpose of this order is to streamline and increase accountability of HR activities within the Executive Branch of State government by realigning HR staff to create a clear reporting structure to the Director of DOPLR in DOA and within the respective agencies.



Personnel & Labor Relations

Mission

Personnel: Provide policy, consultative guidance, and direct human resource services to State of Alaska executive branch agencies.

Labor Relations: To achieve the purposes of the Public Employment Relations Act by acting as the executive branch representative in contract negotiations and contract administration matters.

Director: Kate Sheehan



Personnel & Labor Relations: Status Update

Status of Consolidation Process

- 15 departments have onboarded
- Human Resource activities remain consolidated including:
 - Absence Management
 - Employee Relations
- Recent decision to return Recruitment Services staff and duties back to the departments: (14 PCNs)
- This decision was based on recommendations and feedback from departments

Why is Human Resources consolidating?

- Updated and streamlined processes
- Standardization of processes across the State of Alaska
- Ability to have staff in the agencies complete higher level work and become less transactional
- Expanding available resources for departments when Human Resource staff is out of office
- Greater consistency, management oversight, and control in HR decisions and actions that impact the Executive Branch



Personnel & Labor Relations: Status Update

What are the metrics for measuring success in each division?

- Client service standards established prior to A.O. 305 will be updated this year to align with the current year's service level agreements with departments

Status of Service Level Agreements with other departments

- 15 departments have signed service level agreements
- Service level agreements will be updated this year to align with the current status of the consolidation



Mission

To assist state agencies and political subdivisions to achieve their public mission and reduce costs by providing professional procurement and property management services.

Chief Procurement Officer: Thor Vue



Procurement & Property Management: [Status Update](#)

Status of Consolidation Process

- Two departments have onboarded
 - 3 PCNs from Dept. of Environmental Conservation and 2 PCNs from Dept. of Law have transferred to OPPM for early-stage beta testing
- Onboarding of additional PCNs is dependent on:
 - Success of beta test with Law and DEC
 - Standardized IRIS procedures to effectively utilize the upgraded accounting system which occurred in 2022

Why is Procurement and Property Management consolidating?

- Administrative Order 304 identified redundancies, difficulty sharing and implementing best practices and difficulties enforcing procurement policies
- Consolidation would improve the State's ability to leverage master service agreements
 - Leading to greater price discounts, improved strategic sourcing / category management models, and better utilization of personnel resources



Procurement & Property Management: [Status Update](#)

What are the metrics for measuring success in each division?

- Administrative Order 304 defined indicators of success
 - Decrease in procurement cycle time
 - Increase in customer satisfaction
 - Increase in vendor satisfaction, through enforcement of policies that
 - Encourage transparency and fair opportunity
 - Improve contract relationships with the public
 - Enhance procurement integrity
 - Reduce procurement protests

Status of Service Level Agreements with other departments

- Service level agreements were created in collaboration with each department to capture expectations and value proposition
- Original set of service level agreements were signed by all in-scope departments in January of 2021
- Revised and updated service level agreements were re-signed by all departments in October 2022



Mission

Accounting: Provide efficient, cost-effective, and customer-focused accounts payable, travel, purchase card, and debt recovery services to State of Alaska agencies.

Print Services/Central Mail: Provide efficient and cost-effective daily sorting, delivery, insertion, and posting services to State of Alaska agencies located in Juneau.

Director: Ali Petershoare (Acting)



Status of Consolidation Process

Accounting: Established FY2017

Accounts Payable, Travel, and Purchase Card (A/P-Travel)

- Movement of 71 PCNs from departments
- FY2023: Completed onboarding of 14 in-scope departments

Aged Accounts Receivable and Debt Recovery

- Managing six portfolios and continuing to expand support to statewide departments

Leasing and Facilities: Transferred in FY2022

- Now in Department of Transportation and Public Facilities

Print Services (Central Mail): Established FY2004

- Servicing 16 departments + 3 agencies in Juneau
 - FY2002 Analysis: Spent \approx \$10 million on mailing services
- Current Program Budget: \$2.3 million

Why is Accounts Payable & Travel consolidating?

- Standardization of processes across the State
- Automation of processes
- Enterprise-wide data reporting and analysis
- Economies of scale / cost savings as customer departments onboard
- Consistent compliance / audit reviews (Alaska Administrative Manual and Collective Bargaining Agreements)
- Cross-training and succession planning that helps reduce disruptions to operations and the loss of institutional knowledge when there is turnover



What are the metrics for measuring success in each division?

Accounts Payable, Travel, and Purchase Card metrics have been established to monitor service delivery and execution of mutual responsibilities for SSOA and customer departments

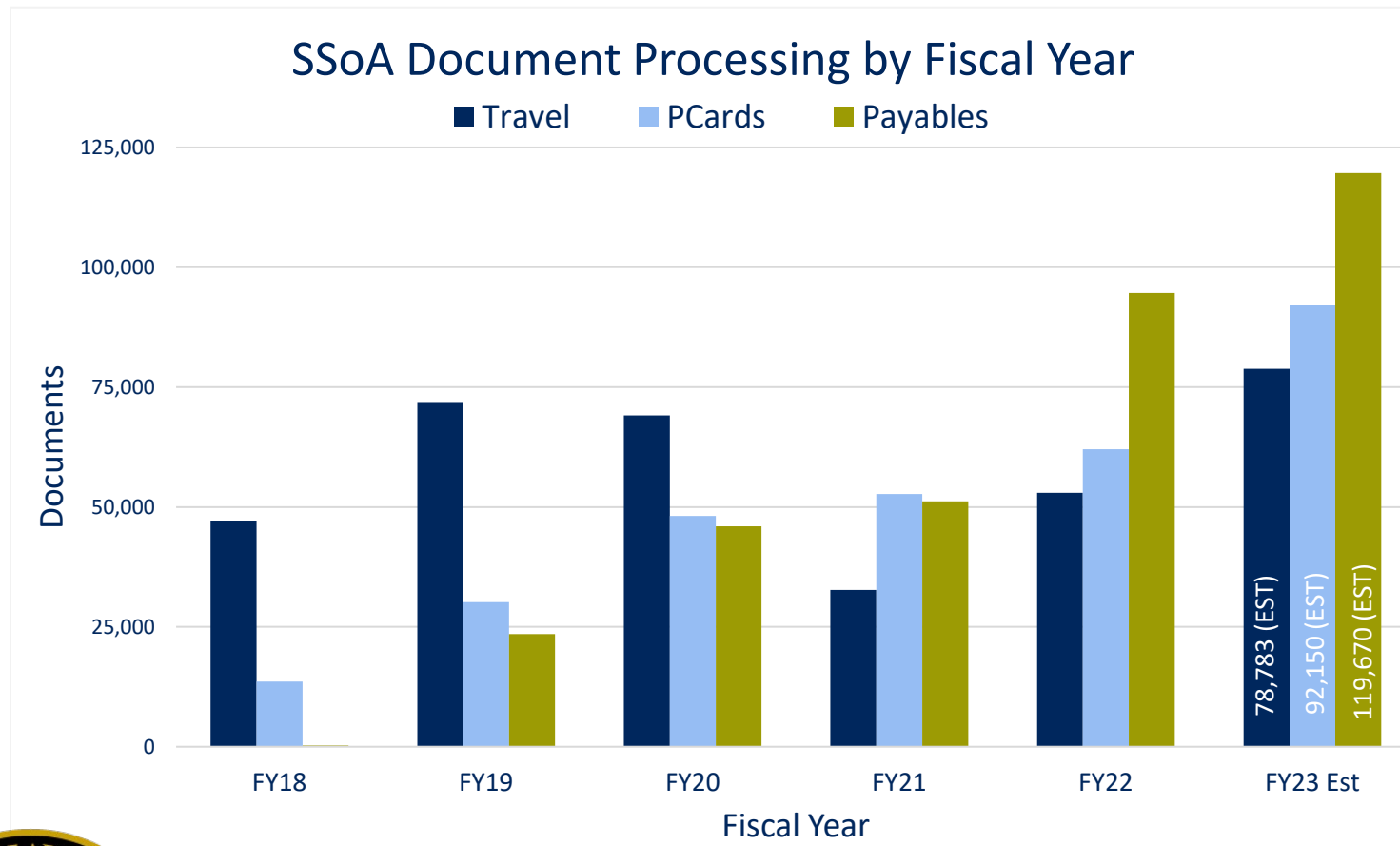
- SSOA
 - Timely processing
 - Audit sampling error rate
 - Customer satisfaction
- Customer (department)
 - Timely submissions
 - Return rate (new in FY24)
 - In-scope submission rate
- Shared:
 - Combined processing speeds

Status of Service Level Agreements with other departments

- FY2019: Service level agreements established
- Completed and signed annually
- Departments collaborate in review and updates
- Service level agreement sections include:
 - Mission
 - Value added
 - Core services
 - Processes and workflows
 - Roles and responsibilities
 - Key performance indicators
 - Reporting
 - Issue resolution process
 - Service level reviews
 - Funding and payment



Shared Services of Alaska – Accounts Payable & Travel: [Status Update](#)



Challenge

Balancing staff workloads amongst (1) staff turnover, (2) internal/external training needs, (3) service level standards, (4) process improvement projects, and (5) fluctuating document volumes.

Solution

Refine and standardize processes across departments and implement technological advancements.

Examples:

- Purchase Card Process Improvement (redeployed 2 PCNs to Travel)
- Leveraging IRIS 4.0 in partnership with Division of Finance.



Office of Information Technology

Mission

Focus on listening to our customers, making life simpler for them and helping them serve Alaskans more efficiently. Provide services that are available when and where customers need them. Protect the information that Alaskans entrust to us and encourage their trust through disciplined adherence to sound security practices.

Chief Information Officer: Bill Smith



Office of Information Technology: Status Update

Status of Consolidation Process

- To date, 13 departments are significantly participating in consolidated services (Health and Family & Community Services were deferred until their separation could be completed)
- For participating departments, no further personnel moves are expected into the Office of Information Technology (OIT)
- Current efforts are focused on documenting those Information Technology (IT) services delegated to the departments, moving work to the appropriate agency, and maturing OIT processes
- Small number of '*line of business*' IT employees previously moved to OIT returning to Dept. of Natural Resources

Why is the OIT consolidating?

- Avoid duplication of efforts and redundancy
- Enhanced security
- Lower Statewide operating costs
- Increase productivity
- Respond faster to changes in information technology business and investment priorities
- Technical debt reduction
- Contingency response
- Server hosting and cloud migration



Office of Information Technology: [Status Update](#)

What are the metrics for measuring success in each division?

- Examples of metrics:
 - Time to resolve for incident tickets
 - Customer satisfaction scores
 - Network or service up times
 - Security patching/security awareness training

Status of Service Level Agreements with other departments

- OIT service catalog and service levels updated FY2023
- Service agreements have been drafted and provided to departments for review
- With increasing maturity, OIT is implementing more stringent levels of service for critical issues
- Key performance indicators are posted to the OIT website and available to departments through their Department Technology Officer (DTO)



Payroll Status and Path Forward

Director, Division of Finance: Hans Zigmund



Division of Finance – Payroll: A Brief History

State Consolidated
Certain HR functions
including Payroll
Services in DOPLR in
FY 2005

State replaces legacy
AKPAY system with
IRIS HRM in January
2017

Payroll Services
moves to Division of
Finance October
2021

Planning the Digital
Payroll of the Future



Division of Finance – Payroll: Overview

Payroll Services

- Maintain accurate employee time and attendance information in IRIS HRM
- Audits and processing timesheets for 14,000+ executive branch employees in 14 agencies every two weeks
- Processing ~2,000 manual actions every two weeks to support LOAs
- Personnel Actions

Payroll Production

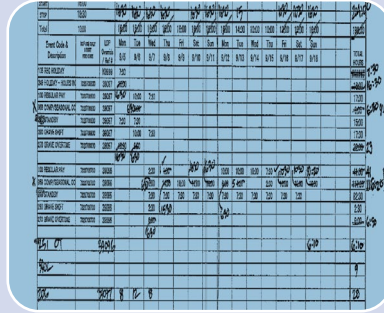
- Deductions
- Direct Deposits
- Tax Withholding and Compliance (e.g. W-2s and W-4s)
- LOA Review
- Supports the Court System and Legislature use of the payroll system



Division of Finance – Payroll: Challenges



Division of Finance spends more than \$200K per year on lease space to store paper timesheets, personnel records and other paper information



~2,000 manual actions processed every two weeks

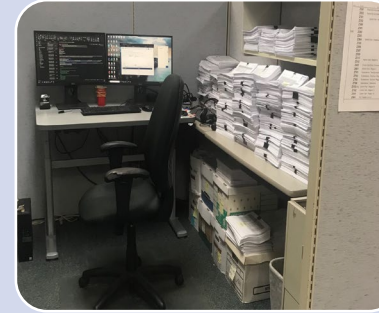
Letters of Agreement (LOAs) modify pay or leave accruals for employees

Each employee covered by an LOA requires manual intervention every payroll run



Examples of paper personnel actions

- Appointment
- Separation
- Leave without pay
- Promotion
- Demotion
- Transfer
- Acting status
- Pay increase
- Rehire with “rights”



Less than 15% of State employees input their own time into the IRIS employee self service portal (ESS)

- Interfaced timesheets still require paper.
- IRIS Advanced corrects for main reasons for previous non-adoption



Payroll Services vacancy rate = 35%

- Highest turnover is with the most manual and labor-intensive processes



Division of Finance – Payroll: Department Service Challenges

PLEASE PRINT OR TYPE			
EMPLOYEE NAME (Last, First MI)	EMP ID #	BARGAINING UNIT	
DEPARTMENT	DIVISION	LOCATION	
PAY PROBLEM (Check appropriate box and explain below):			
Pay Shortage Warrant Late Late Termination Warrant Other			
Problem occurred in the pay period ending: (date)			
Explanation of Problem:			
EMPLOYEE SIGNATURE		DATE FILED	TIME FILED
SIGNATURE OF SUPERVISOR/FOREMAN		DATE FILED	TIME FILED
PRINTED NAME		DATE FILED	TIME FILED
IMPORTANT NOTICE: Supervisor / Foreman must notify the DOP&LR Payroll Services office immediately and provide this form via fax, secure electronic mail, or postal service the day the Notice of Pay Problem (NCPD) is received.			
DOP&LR PAYROLL SERVICES ACTION / RESPONSE:			



Approximately 175 outstanding notice of pay problem filings backlog

Emergency Firefighter paper timesheets manually entered in the mainframe by DOF payroll staff

AMHS complex bargaining agreements, manual timekeeping and personalized service level expectations are not well suited to a consolidated payroll model

Four-month backlog of AMHS pension service audit calculations



Division of Finance – Payroll: Solving the Challenges

Employee Self Service (ESS) rollout

Electronic timesheet auditing

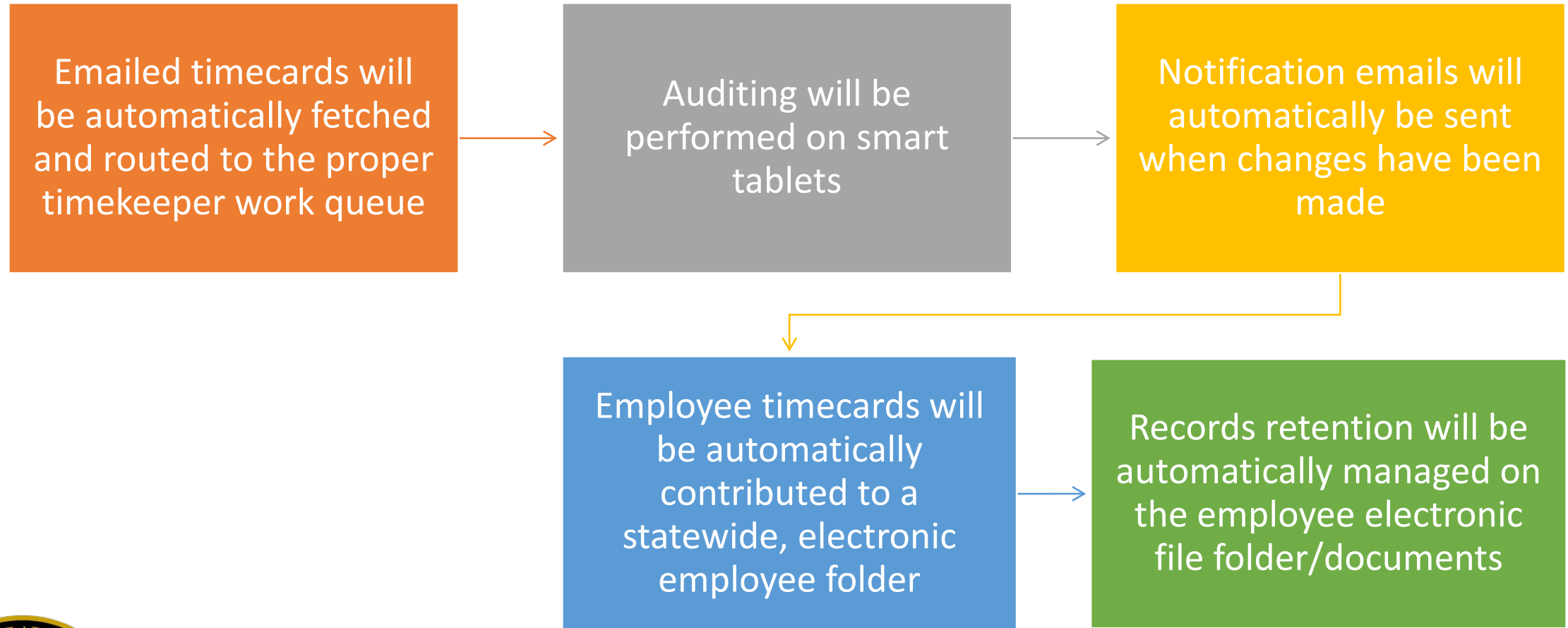
New e-PARF for automating personnel actions

New timekeeping platform for EFFs

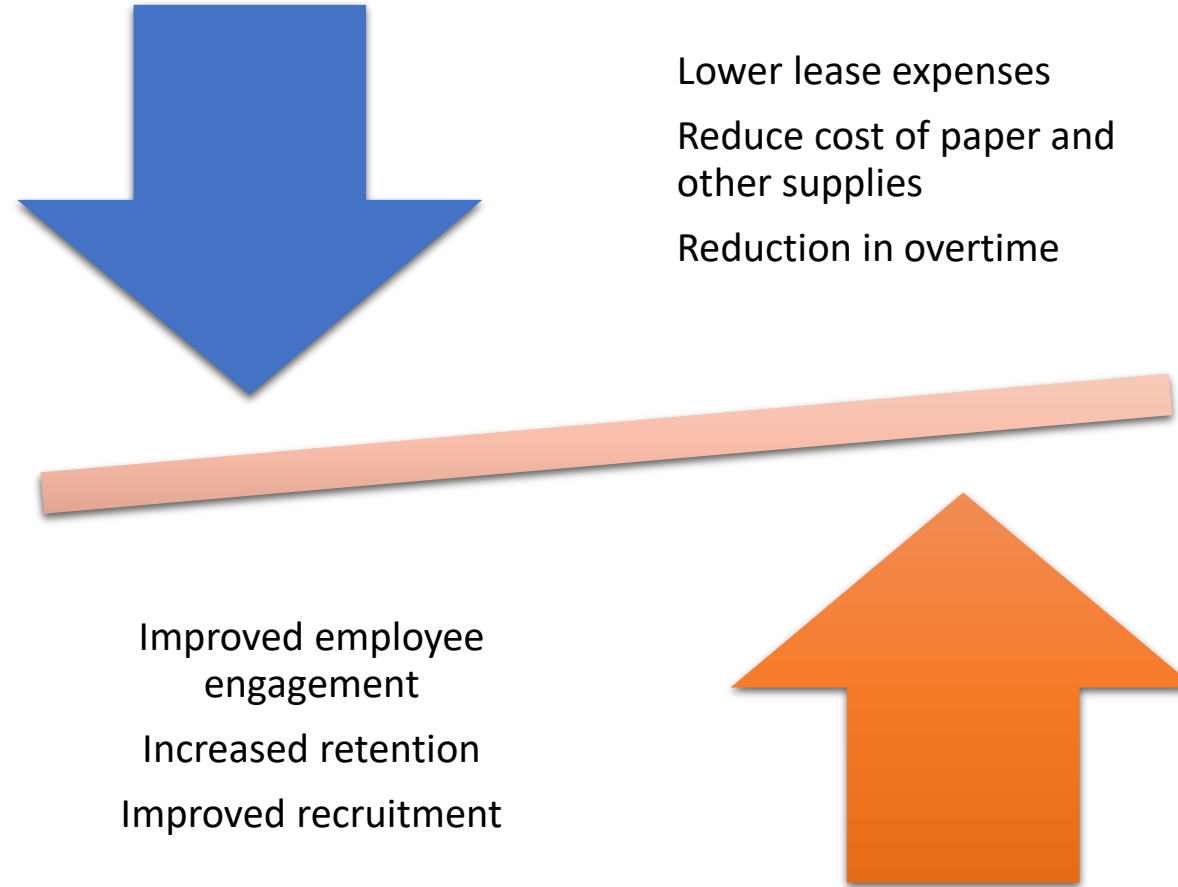
Returning AMHS Payroll to DOT&PF



Division of Finance – Payroll: Ex. of Electronic Timesheet Solution



Division of Finance – Payroll: Long-Run Analysis



Department of Administration

Championing improvement in the State's performance and results.



For more information, please contact G. Ken Truitt, Legislative Liaison, at
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