

Finance and Administration Cabinet 2018 - 2020 Strategic Plan

a. Cabinet Number (2 digits) & Cabinet Name

39 - Finance and Administration Cabinet

b. Department Number (3 digits) & Department Name

750-Office of the Secretary, Office of Administrative Services, Office of EEO and Contract Compliance, Office of General Counsel, Office of Policy and Audit, Office of Legislative & Intergovernmental Affairs

130- Department of Revenue

757- Office of Inspector General

758- Office of the Controller

785- Department of Facilities and Support Services

079- Commonwealth Office of Technology

c. Office/Unit Number (Optional) & Office/Unit Name

N/A

d. Agency Strategic Plan Origination Date

October 15, 2017

e. Agency Strategic Plan Update/Revision Date

October 15, 2017

f. Agency Strategic Plan Revision Number

N/A

I. Agency Mission Statement

Through leadership and innovation, provide centralized support services to all agencies of state government, other government organizations and the citizens of the Commonwealth.

II. Agency Vision Statement

Highly valued service delivery by engaged employees to satisfied customers

III. Agency Organizational Core Values

Conduct business in an ethical, fair and inclusive manner
Listen, learn and share information and resources
Efficiently operate with minimum expenditure and effort
Advance, grow and improve services and service delivery
Respond and assist others enthusiastically

IV. Statement of Alignment with the Governor's Strategic Themes/Goals

The Finance and Administration Cabinet (FAC) manages programs to improve the efficiency and effectiveness of state government operations, ensures compliance with applicable statutes and regulations in the areas of financial and technical administration, and provides sound financial and facilities management. Although many FAC operations are "back office" and not directly apparent to many of our citizens, every business and citizen is touched by FAC. FAC activities directly align and support Governor Bevin's intent and areas of focus.

During the 2018-2020 Biennium, the FAC has identified initiatives in addition to the daily routine practices assigned throughout the Cabinet that support many of Governor Bevin's priorities.

A. Strengthen Kentucky's Financial Foundation

Office of the Controller: The controller's office strives to ensure the Commonwealth's Enhanced Management Administrative Reporting System (eMARS) serves the needs of its users as efficiently and effectively as possible while maximizing the best use of taxpayer dollars. Over the past few years, there has been growth in areas such as eCommerce and Procurement Card. While expanding on these areas, implementing new business processes such as On-Line Bidding are also forefront in making sure Commonwealth users' and vendors' needs are adequately met.

Office of Financial Management (OFM): OFM's continual investment and debt management functions creates financial value for the Commonwealth by maximizing returns while protecting existing funds through effective risk management and credit monitoring. OFM also seeks to achieve the lowest debt service costs consistent with sound financial principles and program objectives. By consistently monitoring financial markets, OFM looks for debt refunding opportunities. In FY17 more than \$15 million dollars in savings (present value basis) will be realized through economic refundings.

OFM also oversees the Commonwealth's general depository and custodial banking services contracts, which are necessary for state government to function. Continuing technological and process-related improvements generate efficiency across state government.

Department of Revenue: DOR has several proposed and ongoing initiatives that make it easier for businesses to interact with DOR and that will integrate several tax systems to reduce risk and increase efficiency.

Kentucky Business One-Stop (KyBOS): KyBOS is an online portal that provides a single, unified point of entry to government services for businesses to register, file, pay, and interact with government agencies to satisfy their business obligations to the Commonwealth of Kentucky. In 2018-2010, KyBOS Phase 3 will further expand services to businesses, individuals and agencies. The increased functionality of KyBOS will free up time for businesses to focus on their business.

Integrated Tax System (ITS): DOR has a labyrinth of 116 different tax systems. Of those systems, 84 are on unsupported or outdated technologies, which poses significant risk and high maintenance costs. DOR proposes to integrate 65 of the 84 systems in the near term. An ITS Integrated Tax System will reduce risk, reduce cost, increase agility, improve business processes and improve data analytics. Other states that have completed an Integrate Tax System project have experienced a significant increase in revenue collections.

B. Grow Kentucky's Economy

Minority and Women Business Enterprise (MWBE) Certification Program: The Finance and Administration Cabinet is proud to host Kentucky's first MWBE program. The goal of the certification program is to encourage growth among Kentucky businesses owned by women and minorities and to assist those enterprises in locating and obtaining further commercial opportunities. Nearly 200 companies are certified.

Service-Disabled Veteran-Owned Small Business (SDVOSB) Certification Program: The newly created SDVOSB program supports service-disabled military veterans who own a business and live in Kentucky. It is designed to promote growth among SDVOSBs and encourage these businesses to locate and expand in the Commonwealth. The state certification is streamlined for those businesses that are already verified and in good standing with the U.S. Department of Veterans Affairs, Center for Verification and Evaluation, and Veterans First Verification Program. Seventeen companies have been certified.

Both certification programs allow MWBE and SDVOSB companies to compete for work in states outside of the Commonwealth of Kentucky that require certification by a statewide body.

Small Business Connection: The objective of the program is to help link Kentucky's small businesses with buyers from government agencies and large businesses. Small Business Connection is a joint effort of the Kentucky Cabinet for Economic Development and the Kentucky Finance & Administration Cabinet.

C. Create a Healthier Kentucky

Recovery Kentucky: Recovery Kentucky is a program operated by the Kentucky Housing Corporation, administratively attached to the cabinet, supports healthier communities through supportive housing, structured education and mutual-help reliance of Alcoholics Anonymous and Narcotics Anonymous. The recovery centers, made possible by KY Housing Corporation, help individuals move from chemical dependency to a life of sobriety — reducing health issues related to drug dependency and deaths.

D. Protect and Strengthen Our Communities

Office of Policy and Audit (OPA):

TipLine.ky.gov was launched in May 2017 as a resource for citizens to easily report concerns regarding improper, illegal or unsafe activity within the Executive Branch of state government. The TipLine case management system, provided by Red Flag Reporting, allows users (who are given a unique identifier) to interact with investigators as investigations proceed. Users can share evidence, investigators can reach out to users with additional questions for clarification, or the user can check on the progress of the investigation. A key feature allows people to remain anonymous if they so choose. In the first four months of operation, 68 cases were opened of which 34 were resolved, 14 are under investigation and 20 are pending.

Office of Inspector General (OIG): The OIG serves as the investigatory arm of the Finance and Administration Cabinet and conducts investigations into alleged mismanagement of state affairs, state funds, and violations of the Kentucky Model Procurement Code. Duties include the prevention, detection and investigation of fraud, abuse, and waste, mismanagement and misconduct by cabinet employees, clients, vendors, contractors or subcontractors. Findings are reported to the Secretary of the Finance and Administration Cabinet. The OIG receives complaints and referrals for inquiry through a variety of sources and may also initiate inquiries without referral.

Commonwealth Office of Technology (COT):

FirstNet. COT is working closely with the Kentucky State Police, and first responders from all disciplines represented on the KY Wireless Interoperability executive committee (KWIEC) on the First Responder Network Authority (FirstNet). The FirstNet mission is to build, operate and maintain the first high-speed, nationwide wireless broadband network dedicated to Public Safety. FirstNet will provide a single interoperable platform for emergency and daily public safety communications. This will be an LTE Cellular DATA network with priority given to first responders. FirstNet will build out in our unserved and underserved rural areas of Kentucky. This will improve access to wireless broadband cellular for our citizens and public safety alike. Additional capacity will be added to metro areas to reduce network congestion and ensure delivery of high speed data.

Kentucky Early Warning System (KEWS): KEWS, operated by the Commonwealth Office of Technology, ensures timely communication among public safety personnel and emergency first-responders. As a "back office" operation, the majority of our citizens may not be aware that severe weather warnings and timely and targeted emergency responses are made possible by the KEWS. The KEWS network provides a communication's backbone for all county health departments, and children's residential, behavioral health and veteran's facilities.

E. Serve Those Who Serve Us

Service-Disabled Veteran-Owned Small Business (SDVOSB) Certification Program: The SDVOSB promotes growth among SDVOSBs and encourage these businesses to locate and expand in the Commonwealth. The program allows SDVOSBs to compete for work in other states that require certification by a statewide body. It also enhances business opportunities with other governmental entities, non-profits and other businesses that want to work with veteran-owned companies.

V. Statement of Alignment with the Agency's Budget Request & 6-Year Capital Plan

The FAC Strategic Plan is aligned with and supportive of both the Six-Year Capital Plan and the Biennial Budget Request. The cabinet will continue to focus on efficient and effective operation of state government and the continuous availability of its services. FAC will continue to rely on the consolidation of services, reexamination of business processes, appropriate re-engineering and integration, the use of updated technologies and standardization of administrative practices.

While the Cabinet continually seeks improvement in its internal operational processes, the overall strategy is to become a leader in administrative methods and to drive appropriate change across all levels of government. Taking an enterprise approach is a driving force for the cabinet especially in technology projects, including moving operations to the "cloud" whenever possible. Mindful of the continued economic challenges facing the Commonwealth, FAC places the highest priority on statutory compliance, preservation of existing facility or service maintenance and contingencies for unforeseen expenditures or major equipment purchases.

VI. Situation Analysis/Environmental Analysis

Through the agencies that comprise the FAC, we are responsible for the construction and maintenance of state facilities, property management, expenditure control, state purchasing, postal, fleet management and technology services. The Cabinet provides the facilities and administrative support that enables agencies to provide public access to government. The Cabinet also provides management of finances, real property assets and information technology for all other state agencies; collects revenues, invests monies, accounts for financial transactions and

provides oversight and manages procurement processes; and equips and supports information systems and infrastructure used throughout state government.

Department for Facilities and Support Services (DFSS): DFSS is constantly reviewing and analyzing business practices, implementing financial best practices within the department, and using technology to enhance efficiency and effectiveness. The department consists of Division of Real Properties, Division of Historic Properties, Division of Surplus Properties, Office of Building and Mechanical Services, and Office of Facility Development and Efficiency.

Commonwealth Office of Technology (COT): During the coming biennium, COT proposes to continue promoting an ‘enterprise approach’ to information technology needs for the executive branch, specifically to:

- Ensure enterprise governance policies and practices are understood and in place.
- Inventory technology-related risk throughout the Executive Branch and cooperatively pursue improvements.
- Inventory the installed technology base (hardware, software, data, applications, processes, staffing, etc.), identify best use and other efficiency and cost-related matters, and cooperatively address change.
- Continue reviewing the overall financial IT model and services rates, and proposing change when in the best interest of the Commonwealth IT enterprise.

COT will work with agencies to identify risk and unnecessary duplication, and address findings and recommendations for correction and improvement. IT will operate more smoothly, with considerably less risk, deliver desired predictable results, and consume less resources in terms of dollars and staff. COT consist of Office of Enterprise Technology, Office of Infrastructure Services, Office of Chief Information Security Officer, Office of Information Technology Service Management, and Office of Application Development.

Department of Revenue (DOR): DOR is the state agency, which provides administration of the tax laws and collection of tax revenues for the Commonwealth of Kentucky. As set forth in the Finance and Administration’s Strategic Plan, the Department of Revenue strives, “...to be the best steward of the taxpayer’s dollar by responsibly (and) ... effectively administrating the collection of state revenues”. DOR consists of the Office of Tax Policy and Regulation, Division of Protest Resolution, Disclosure Officer, Taxpayer Ombudsman, Office of Processing and Enforcement, Office of Field Operations, Office of Property Valuation, Office of Income Taxation, and Office of Sales and Excise Taxes.

Office of Policy and Audit (OPA): OPA serves as the primary auditing and consulting resource for offices within the Finance and Administration Cabinet, as well as for agencies outside of the Cabinet. The Internal Audit Committee (IAC), which is chaired by the Secretary of the Finance and Administration Cabinet, reviews and approves the Office of Policy and Audit’s annual audit plans, and offers recommendations regarding programs or activities for audit or review. The Office of Policy and Audit staff provides monitoring and other assistance to ensure the effective administration and oversight of governmental services, as well as sound financial management practices statewide. OPA is also an integral part of monitoring, investigating and referring cases through the Tipline.ky.gov reporting system.

Office of the Controller: The office and position of state controller act as the Commonwealth’s chief accounting officer providing the administrative systems and supporting policy for the Commonwealth’s accounting, purchasing, budget execution, financing and investing practices. As the administrator of the official system of record, the Controller’s Office is responsible for both operational and annual financial reporting. The Office of the Controller includes the following: Office of Statewide Accounting Services, the Division for Local Government

Services, the Division of Customer Resource Center, Office of Procurement Services, Office of Financial Management, and the Division of State Risk and Insurance Services. The Office of the Controller structure was created to streamline state government and ensure that the taxpaying public receives the best value for their tax dollar. The office maximizes the use of best practices throughout the Cabinet and all state agencies, eliminates sub-standard operations, creates single points of responsibility for similar and related functions, and eliminates under-utilized services.

Office of General Counsel (OGC): The OGC provides legal counsel to the cabinet and oversees all litigation for the cabinet, from protest resolution to hundreds of open records requests. Included in OGC are all attorneys who practice for the Department of Revenue. OGC attorneys also represent the cabinet before administrative boards and at all levels of state and federal court.

Office of Procurement Services (OPS): OPS is the central procurement agency for commodities and services for all state government agencies. Some agencies have been delegated certain purchasing authority as allowed; however, OPS has oversight of all procurements handled through the delegations. OPS, in conjunction with the Finance Cabinet Secretary and Office of General Counsel, must approve all delegations and continually monitor performance regarding compliance with KRS 45 and 45A, Kentucky Administrative Regulations, and Finance and Administration Policies and Procedures. This oversight serves as the basis for increased delegated authority as well as rescinding of previously approved delegations.

Office of Administrative Services (OAS): OAS is responsible for all internal administrative and human resource functions of the Cabinet including administrative assistance, budget, purchasing, customer billing, payments, general accounting, personnel, payroll, statewide postal services and fleet management.

Office of Legislative and Intergovernmental Affairs: The office provides support and acts as the liaison between the Governor's Office and the Cabinet in legislative initiatives and mandates.

Public Information Office (PIO): The PIO is responsible for overseeing internal and external communications, handling media requests for information, preparing and distributing all press releases, coordinating the publication of all newsletters, reports and maintenance of Cabinet websites.

Office of Equal Employment Opportunity and Contract Compliance (EEOCC): EEOCC is responsible for administering the Cabinet's equal opportunity and affirmative action programs. The Office investigates complaints of discrimination and sexual harassment for agency employees, provides training to agency staff, promotes and monitors minority business participation in state contracting and contractor compliance. The Office additionally operates and manages the Minority and Women Business Enterprise Certification program and the Service Disabled Veteran Owned Small Business Certification program.

All of the Cabinet agencies work together through leadership and innovation to provide centralized support services to all agencies of state government, other government organizations, and the citizens of the Commonwealth.

VII. Measurable Goals, Objectives & Key Performance Indicators

Goal 1: Deliver high quality services to FAC customers

1.1 Measure FAC programs and services against expectations of external organizations

- 1.1.1 Commonwealth investment practices
- 1.1.2 Certificate for Achievement for Excellence in Financial Reporting from the Government Finance Officers Association
- 1.1.3 Audit exceptions in the APA statewide single audit and associated audits
- 1.1.4 Center for Digital Government ranking of electronic government services or web presence
- 1.1.5 Rating of the Transparency.ky.gov website by US Public Interest rating Group

1.2 Retain a highly competent, ethical and diverse workforce

- 1.2.1 Minority and female diversity
- 1.2.2 Job-specific staff development opportunities
- 1.2.3 Management skills development available to current management staff as well as staff interested in pursuing management opportunities in the future
- 1.2.4 Mandatory trainings or review

1.3 Meet the expectations of citizens and agencies across the executive branch

- 1.3.1 Voluntary electronic tax filers
- 1.3.2 Post-procurement contract management and review
- 1.3.3 Department of Revenue productivity
- 1.3.4 MWBE certification program participation
- 1.3.5 Business registrations and filings via Business One-Stop
- 1.3.6 Increase number of agencies brought into Business One-Stop
- 1.3.7 Increase number of services offered through Business One-Stop
- 1.3.8 SDVOSB certification program participation
- 1.3.9 Implement an Integrated Tax System

Goal 2: Operate with the greatest level of efficiency

2.1 Strengthen use of shared services offered by FAC

- 2.1.1 Enterprise-wide use of centralized IT services
- 2.1.2 Discounted rates for US postal services
- 2.1.3 EFT utilization
- 2.1.4 Maximize centralized or shared investments
- 2.1.5 Energy utilized in state-owned buildings
- 2.1.6 Devices included in managed print program
- 2.1.7 Debit cards issued

2.2 Strengthen dialogue with FAC staff

- 2.2.1 Continue timely FAC-wide e-newsletter
- 2.2.2 Renovate and re-launch the FAC intranet
- 2.2.3 Redesign cabinet website

Goal 3: Administer governmental operations effectively

3.1 Increase the accountability of state government via transparency

- 3.1.1 Maximize information available via Transparency.ky.gov
- 3.1.2 Open records request processing
- 3.1.3 Programs included in fraud analytics program

3.2 Reinforce principles of data quality in the Commonwealth's management systems

- 3.2.1 Develop and conduct eMARS data quality workshops for all eMARS user agencies
- 3.2.2 Implement master data management for enterprise "golden record"
- 3.2.3 Conduct informational seminars for local officials by Dept of Revenue
- 3.2.4 Strengthen Dept of Revenue-sponsored outreach
- 3.2.5 Professional development opportunities within staff workplaces

3.3 Continuity of governmental operations

- 3.3.1 Develop a backup and job turnover plan for employees
- 3.3.2 Create a leadership development program for FAC staff
- 3.3.3 Institutionalize and formalize the processes and practices of FAC