

Office of Financial Management 2006 Strategic Plan

Executive Summary

The Office of Financial Management (OFM) is committed to Governor Gregoire's goal of improving the management and accountability of state government programs. We do this by providing leadership, service and direction to the Governor's cabinet agencies. To be focused and effective in this effort, we need to be clear about our mission, values, goals, objectives and strategies.

This strategic plan is designed to provide clarity, but it is also sufficiently flexible so that OFM can respond to unanticipated events and opportunities. While too numerous to list in this document, all the activities performed by our managers and staff are critical to the Governor's success. The whole management team appreciates the commitment and dedication of each OFM employee.

Strategic planning involves critical examination, reflection, adjustment and direction setting. It is also a chance to reconfirm prior strategic commitments. You will find that our current mission, vision, values and goals have been confirmed in this process. The plan is directed at achieving the following:

Goal 1 – Support the Governor in establishing policies, and proposing and implementing budgets and policies that benefit the people of Washington.

Goal 2 – Provide financial and management expertise to help state government meet its goals and responsibilities.

Goal 3 – Provide information that is accessible, consistent, objective, timely, and accurate to state agencies, the Legislature and the people of Washington.

Goal 4 – Create a culture that is supportive, constructive and healthy for our employees.

You will find new objectives and strategies for each of these goals that reflect Governor Gregoire's management and accountability priorities. Strategic planning is part of our on-going commitment to meet the evolving needs of the Governor and our citizens. We will routinely monitor and measure our progress against the goals and objectives we have set. We will mark our progress and make course corrections if needed, based on demonstrable evidence.

This strategic plan forms the centerpiece of our agenda to provide better information, better decisions and a better government. I appreciate your commitment to our mission and your commitment to excellence in state service.

Victor

Background

The Office of Financial Management (OFM), established by the Washington State Legislature in 1969 as staff to the Governor for financial and management affairs, has both decision-making and operational responsibilities that impact other state agencies, their employees, and the public. Essentially, the Office of Financial Management:

- Plays a central role in budget planning, policy development, and fiscal administration for the executive branch.
- Prepares the Governor's budget proposal and monitors budget implementation.
- Maintains state government's statewide accounting systems, central books of accounts, and financial databases while also providing budget and accounting services to many state agencies.
- Provides leadership to state agencies by facilitating statewide initiatives, promoting efficiencies and prioritizing program results.
- Provides operational and policy oversight to programs as directed by the Governor.
- Oversees statewide personal service and client service contracting activities.
- Conducts policy research and develops legislation to support the Governor's policy goals.
- Provides official population estimates and forecasts for revenue distribution and growth management planning; supports development of budget driver, expenditure, economic, and revenue forecasts; conducts research to support budget and policy development; and administers the state census data center.
- Provides a comprehensive enterprise risk management program for all state agencies. Provides regulation of all local government self-insurance programs.
- Plays a critical role in statewide public employee labor management relations.

Divisions of The Office of Financial Management include:

- Office of the Director, including:
 - Director, Deputy Director, and administrative support staff; and
 - Labor Relations, Legal Affairs, Legislative Affairs, Communications, OFM/Governor's Office Accounting, Employee Services and Management Consulting units.

- Budget Division;
- Accounting Division, including Small Agency Client Services, Statewide Accounting Services, Statewide Financial Systems, and the Division Support Services Unit;
- Forecasting Division;
- Contracts and Risk Management Division;
- Information Services and Facilities Division; and
- Executive Policy Division.
- Governor’s Special Projects, including the Washington Commission for National and Community Service (WCNCS), a WorkFirst Performance Team, a Salmon Office, the Health Resources Grant Team, and the Office of Regulatory Assistance.

Trends, Impacts and Strategic Planning Considerations

As part of the Strategic Planning process, the OFM management team and staff participants identified current trends in the state government environment and their impacts on OFM’s work and resources. The following trends and impacts were considered during the planning process:

- Increased velocity.
 - Expectations for the quantity and speed of information and program improvements have intensified. Quick, meaningful and reliable information requires appropriate, easily accessible data, faster, accurate analysis, and prompt turn-around times. Swift problem solving action and continuous management improvement require effective communications and close coordination within OFM and between OFM and state agencies.
- Strong performance and accountability focus from the Governor and citizens.
 - The Governor’s focus on accountability and results relies on evidenced based decisions, appropriate performance measures and strong analytics. The Government Management Accountability Program (GMAP) is relying on OFM and state agencies for data, analytics and systems that support their information requirements. OFM is expected to provide leadership and support for agencies’ improvement initiatives. The increased demand on timely and reliable information challenges OFM resources and there is not always a substantial inventory of evidence upon which to base decisions.
 - The recent Initiative 900 provides for agency performance audits, conducted by the Office of the State Auditor. Performance audit funding is enabling tremendous audit activity, including substantial information requests of agencies, and the commensurate analysis, data systems and human resources to support them. When audits conclude, agencies will need to address audit findings and make necessary

improvements within expected timeframes. In its leadership role, OFM will be expected to support agencies during the audit process and afterward, to assist them in addressing improvement opportunities.

- Growing emphasis on linkages among programs and on enterprise thinking, solutions and coordination.
 - Washingtonians expect fast, seamless and transparent processes and services to achieve an expected result. State government continues to challenge itself to produce value – expected results with the best use of time and resources. Achieving the Governor’s and citizens’ expectations requires inter-agency coordination, appropriate tools and resources, the capacity to use them well, and the ability to make prompt, meaningful changes when needed.
 - In its state government leadership role, expectations for OFM have expanded to: (a) quickly identify and solve problems; (b) provide more authoritative information with accelerated turn-around times; (c) implement and maintain better, faster information systems; (d) facilitate enterprise initiatives; and (e) assume additional programs and functions, beyond the traditional core responsibilities.
 - In 2002 the Legislature transferred the state’s risk management program to OFM. The program has made steady progress in improving the state’s risk profile, decreasing insurance costs, and providing support to agencies’ risk management programs. Recently the program has expanded its definition of risk from solely preventing harm to include the risk of not meeting strategic program objectives and results. This increases the coordination efforts required within OFM and with their agency accounts and customers.
 - The Labor Relations Office (LRO) was assigned to OFM in 2003. The LRO is in their second iteration of bargaining with all state agency labor organizations. Impacts of policy and budget decisions on labor relations, and impacts of labor contracts on policy and budget are increasingly considered at an enterprise level.
 - The state government enterprise includes a vast array of agencies, services and desired results, which are increasingly complex to coordinate, monitor and evaluate during budget and policy decision-making. OFM’s central service and enterprise leadership role, and the expectations for faster, better information require an extraordinary breadth of knowledge, coordination, communication, data, analysis, and effective presentation.
 - OFM has received a number of new programs in the past few years, resulting in FTE growth for the agency. The increased size has resulted in adjustments in management style and staff interaction. Managers who have continued to carry some workload are finding it more difficult to maintain their daily work and provide effective management to their staff. Communications are becoming more difficult and complex to manage since OFM staff are located in several different physical locations. The diversity in programs and growth in staff make it more challenging to

focus on the traditional “core” activities of supporting the Governor and providing budget, accounting and policy services.

- There is an emerging trend of the Legislature toward creating “quasi-state employees” such as home care and child care providers. Rules are developing that provide bargaining rights and mandated wage rules for certain classes of service providers, although they are not considered state employees. This trend may have unintended impacts on state government and the state economy, as well as many policy and labor relations implications. These are new issues for OFM to address.
- Internal OFM and other state agencies’ capacity is constrained.
 - As more duties are assigned to OFM, there is less discretionary capacity within OFM for its “shock-absorber” role as problem solvers, solution providers and authoritative information providers. Managers and staff agree that everyone is at “full-speed” with little room to “accelerate” for the inevitable and unplanned issues that face OFM. There is also less time to focus on internal issues to ensure optimal performance can be maintained.
 - Agency financial and performance management expertise and strong analytical skills have been eroding in recent years due to budget reductions, retirements and turnover. Fewer new recruits coming into the state’s workforce with these skills have compounded this problem. The result is eroding capacity in the agencies to evaluate data and produce meaningful information, particularly at a time when evidence-based decision-making and performance management data is a primary focus. Frequently, OFM is expected to meet these needs.
- Symptoms of fatigue are being noted in agencies, especially related to large enterprise initiatives. One example is the extraordinary effort to implement the state’s new Human Resource Management System. This implementation occurred at the same time as individual agencies were managing their own internal performance management and accountability improvement initiatives. These combined efforts, coupled with eroding analytical capacity, have strained state agencies.

Mission

OFM provides accurate, timely, objective information, fiscal services and leadership to support the Governor, Legislature, and state agencies to serve the people of Washington.

Vision

Better information. Better decisions. Better government.

Values

Excellence

We take personal responsibility and pride in pursuing excellence to achieve better information, better decisions and better government. We are known for our integrity and commitment to public service.

Clear, Open and Honest Communication

We practice clear, open, and honest communication with customers, stakeholders and co-workers to foster trust and respect.

Service

We treat our partners as we wish to be treated, responding promptly and carefully to their needs, and using fair and consistent judgment.

Team Work

We promote teamwork and the strength that comes from the talents and contributions of many, all working together as one.

Respect for Individuals

We recognize the value of diverse backgrounds and perspectives, and treat all with dignity, fairness, and understanding.

Change and Development

We are open to the challenges of change and value our own learning and development as key to unlocking the future.

Objectivity and Transparency

We promote integrity by providing objective, timely, accurate information.

Strategic Goals, Objectives and Strategies

Building on an established, strong base of effective financial management, we will:

Goal 1—Support the Governor in establishing policies, and proposing and implementing budgets and policies that benefit the people of Washington.

Objective 1.1: Increase the amount of information available for the capital budget development and implementation process. *Short-term (up to July 2008)*

Strategy 1.1.1: Complete the capital budget process review project and the implementation of the major recommendations, such as major enhancements to the capital budget development system. *Short-term (up to July 2008)*

Objective 1.2: Increase the use of reliable evidence and proven results to evaluate government performance and prioritize programs. *Short-term (up to July 2008)*

Strategy 1.2.1: Complete an OFM Performance Measure Assessment for agencies every 12 to 18 months. *Short-term (up to July 2008)*

Strategy 1.2.2: Create a repository of information on proven tools, frameworks, and best practices. *Medium-term (up to July 2010)*

Objective 1.3: Increase citizen input in developing priorities and performance measure processes. *Short-term (up to July 2008)*

Strategy 1.3.1: Develop a process for how the information from citizen input will be used. *Short-term (up to July 2008)*

Strategy 1.3.2: Conduct forums and initiate a feed back system to inform citizens about how their input was used. *Short-term (up to July 2008)*

Objective 1.4: Increase the Legislature's and public's understanding of the likely impacts of budget decisions and proposals on the future fiscal condition of the state. *Short-term (up to July 2008)*

Strategy 1.4.1: Establish a communication plan for the budget. *Short-term (up to July 2008)*

Objective 1.5: Increase OFM's internal capacity to analyze, manage and use performance data. *Short-term (up to July 2008)*

Strategy 1.5.1: Develop and use performance measures for OFM as a management tool. *Short-term (up to July 2008)*

Goal 2 – Provide financial and management expertise to help state government meet its goals and responsibilities.

Objective 2.1: As appropriate, decrease the time-to-market for developing systems and reports while maintaining acceptable quality standards and risk levels. *Medium-term (up to July 2010)*

Strategy 2.1.1: Conduct an independent study of systems development efforts in OFM to identify improvement opportunities in project management, process improvements, and other areas that would streamline the systems development process, improve product quality and decrease the time-to-market for systems and reports while maintaining acceptable risk levels and customer satisfaction. *Short to Medium-term (up to July 2009)*

Objective 2.2: Increase the effectiveness of agency contract management. *Long-term (up to July 2011)*

Strategy 2.2.1: Develop methods to communicate contract information. *Medium-term (up to July 2010)*

Objective 2.3: Increase performance, prevent harm and limit loss by effectively managing risks. *Long-term (up to July 2011)*

Strategy 2.3.1: Integrate enterprise risk management concepts within OFM. *Short-term (up to July 2008)*

Strategy 2.3.2: Institutionalize enterprise risk management in state government for on-going performance measurement. *Medium-term (up to July 2010)*

Strategy 2.3.3: Continue Risk Management Division visits assisting agencies with risk management implementation and maturity model performance measurement. *Medium-term (up to July 2010)*

Strategy 2.3.4: Develop and track an early claim resolution program. *Short-term (up to July 2008)*

Strategy 2.3.5: Develop a specific plan of initiatives to implement to address the increasing number of Employment Practice Liability claims. *Medium-term (up to July 2010)*

Objective 2.4: Increase the quality and accessibility of financial and performance data to support state and agency decision-makers and the efficiency and effectiveness of common financial and administrative business processes. *Long-term (up to June 2011)*

Strategy 2.4.1: Act on Roadmap Core Financials Feasibility Study recommendations as approved by the Executive Sponsors and funded by the Legislature. *Long-term (up to June 2011)*

Strategy 2.4.2: Provide tools and services agencies can use to address urgent, common business problems that cannot wait for the long term enterprise solution. *Long-term (up to June 2011)*

Goal 3 – Provide information that is accessible, consistent, objective, timely, and accurate to state agencies, the Legislature and the people of Washington.

Objective 3.1: Reduce the number of duplicative systems within OFM. *Medium-term (up to July 2010)*

Strategy 3.1.1: Inventory information systems in use by OFM divisions and determine duplication of data and justification. *Short-term (up to July 2008)*

Objective 3.2: Reduce the inconsistencies within data definitions across OFM systems.

Strategy 3.2.1: Identify the inconsistencies in data definitions across OFM systems and eliminate, if possible, or explain. *Medium- to long-term*

Objective 3.3: Reduce the risk to the confidentiality, integrity and availability of desk top, personal or specialized division data bases within OFM.

Strategy 3.3.1: Establish data management standards for desk top, personal or specialized division data bases within OFM. *Medium-term*

Objective 3.4: Increase the use of common data bases across OFM divisions to reduce inconsistencies, duplication of effort and system unique databases.

Strategy 3.4.1: Inventory databases in use across OFM divisions to identify linkages, commonality, and possible migration to common data stores. *Medium-term*

Objective 3.5: Make it easier for a wide range of users to obtain accurate and consistent OFM data to support analysis and decision making.

Strategy 3.5.1: Enhance OFM data availability via the internet. *Medium-term*

Strategy 3.5.2: Establish the use of standard data access tools/protocols for OFM staff and other users. *Medium-term*

Strategy 3.5.3: Complete the Budget and Forecasting Division feasibility study to use the Business Objects ad hoc query tool as a vehicle for providing an executive management perspective to data. If the study is successful, implement the use of the tool. *Feasibility: Short-term (January 15, 2007), Phase 1 Implementation: Short-term January 2008)*

Objective 3.6: Increase the involvement of external experts in developing data and information.

Strategy 3.6.1: Create collaborative legislative-executive branch workgroups led by OFM which prepare objective and authoritative budget and revenue estimates for selected critical proposals and programs. *Short-term*

Goal 4 – Create a culture that is supportive, constructive and healthy for our employees.

Objective 4.1: Increase the percent of employees who know how their work contributes to the accomplishment of agency goals and objectives, have clear performance expectations, and receive on-going performance feedback and recognition. *Short-term (up to July 2008)*

Strategy 4.1.1: Develop and implement a method for use by Assistant Directors and Senior Managers so that employee Performance Development Plans can be developed in accordance with agency policy. *Short-term (up to July 2008)*

Strategy 4.1.2: Develop a method to assess the effectiveness of the PDP process that includes both plan development and feedback. Use the results to improve the quality if necessary. *Short-term (up to July 2008)*

Strategy 4.1.3: Develop a method to assess the effectiveness of OFM's recognition program, not limited to agency-sponsored events. Use the results to improve as appropriate. *Short-term (up to July 2008)*

Objective 4.2: Increase employees' understanding of how OFM measures its success. *Short-term (up to July 2008)*

Strategy 4.2.1: Develop and implement a communication effort about the strategic plan and individual performance plans. *Short-term (up to July 2008)*

Strategy 4.2.2: Develop and implement a process to regularly review the accomplishment of organizational objectives and performance measures. *Short-term (up to July 2008)*

Objective 4.3: Increase diversity in the OFM workforce. *Medium-term (up to July 2010)*

Strategy 4.3.1: Publish recruitment announcements in diverse and broad-based media. *Short-term (up to July 2008)*

Strategy 4.3.2: Develop and implement target recruitment techniques for positions where under-representation exists. *Short to Medium-term (up to July 2009)*

Strategy 4.3.3: Identify professional organizations; distribution lists, and other groups that will help ensure under-represented protected group members are aware of recruitment opportunities in OFM. *Short to Medium-term (up to July 2009)*

OFM Strategic Plan Appendix

Activities in agency inventory linked to strategies

Strategy	Inventory Activity
Strategy 1.1.1: Complete the capital budget process review project and the implementation of the major recommendations, such as major enhancements to the capital budget development system.	A008 – Governor’s Budget Development
Strategy 1.2.1: Complete an OFM Performance Measure Assessment for agencies every 12 to 18 months.	A008 – Governor’s Budget Development A018 – Management, Accountability and Performance
Strategy 1.2.2: Create a repository of information on proven tools, frameworks, and best practices.	A018 – Management, Accountability and Performance
Strategy 1.3.1: Develop a process for how information from citizen input will be used.	A008 – Governor’s Budget Development A018 – Management, Accountability and Performance A015 – Statewide Policy Development for Governor’s Office
Strategy 1.3.2: Conduct forums and initiate a feed back system to inform citizens about how their input was used.	A008 – Governor’s Budget Development A018 – Management, Accountability and Performance A015 – Statewide Policy Development for Governor’s Office
Strategy 1.4.1: Establish a communication plan for the budget.	A008 – Governor’s Budget Development
Strategy 1.5.1: Develop and use performance measures for OFM as a management tool.	A018 – Management, Accountability and Performance
Strategy 2.1.1: Conduct an independent study of systems development efforts in OFM to identify improvement opportunities in project management, process improvements, and other areas that would streamline the systems development process and decrease the time-to-	A005 – Central Financial Systems Development and Maintenance

Strategy	Inventory Activity
market for systems and reports while maintaining acceptable risk levels and satisfaction.	
Strategy 2.2.1: Develop methods to communicate contract information.	A010 – Personal Service and Client Service Contracts
Strategy 2.3.1: Integrate enterprise risk management concepts within OFM.	A012 – Risk Management
Strategy 2.3.2: Institutionalize enterprise risk management in state government for on-going performance measurement.	A012 – Risk Management A018 – Management, Accountability and Performance
Strategy 2.3.3: Continue Risk Management Division visits assisting agencies with risk management implementation and maturity model performance measurement.	A012 – Risk Management
Strategy 2.3.4: Develop and track an early claim resolution program.	A012 – Risk Management
Strategy 2.3.5: Develop a specific plan of initiatives to implement to address the increasing number of Employment Practice Liability claims.	A012 – Risk Management
Strategy 2.4.1: Act on Roadmap Core Financials Feasibility Study recommendations as approved by the Executive Sponsors and funded by the Legislature.	
Strategy 2.4.2: Provide tools and services agencies can use to address urgent, common business problems that cannot wait for the long term enterprise solution.	
Strategy 3.1.1: Inventory information systems in use by OFM divisions and determine duplication of data and justification.	

Strategy

Inventory Activity

Strategy 3.2.1: Identify the inconsistencies in data definitions across OFM systems and eliminate, if possible, or explain.

Strategy 3.3.1: Establish data management standards for desk top, personal or specialized division data bases within OFM.

Strategy 3.4.1: Inventory databases in use across OFM divisions to identify linkages, commonality, and possible migration to common data stores.

Strategy 3.5.1: Enhance OFM data availability via the internet.

Strategy 3.5.2: Establish the use of standard data access tools/protocols for OFM staff and other users.

Strategy 3.5.3: Complete the Budget and Forecasting Division feasibility study to use the Business Objects ad hoc query tool as a vehicle for providing an executive management perspective to data. If the study is successful, implement the use of the tool.

Strategy 3.6.1: Create collaborative legislative-executive branch workgroups led by OFM which prepare objective and authoritative budget and revenue estimates for selected critical proposals and programs.

Strategy 4.1.1: Develop and implement a method for use by Assistant Directors and Senior Managers to that employee Performance Development Plans can be developed in accordance with agency policy.

A001 – Administrative Activity

Strategy 4.1.2: Develop a method to assess the effectiveness of the PDP process that includes both plan development and feedback. Use the results to improve the quality if necessary.

A001 – Administrative Activity

Strategy	Inventory Activity
<p>Strategy 4.1.3: Develop a method to assess the effectiveness of OFM's recognition program, not limited to agency-sponsored events. Use the results to improve as appropriate.</p>	<p>A001 – Administrative Activity</p>
<p>Strategy 4.2.1: Develop and implement a communication effort about the strategic plan and individual performance plans.</p>	<p>A001 – Administrative Activity</p>
<p>Strategy 4.2.2: Develop and implement a process to regularly review the accomplishment of organizational objectives and performance measures.</p>	<p>A001 – Administrative Activity</p>
<p>Strategy 4.3.1: Publish recruitment announcements in diverse and broad-based media.</p>	<p>A001 – Administrative Activity</p>
<p>Strategy 4.3.2: Develop and implement target recruitment techniques for positions where under-representation exists.</p>	<p>A001 – Administrative Activity</p>
<p>Strategy 4.3.3: Identify professional organizations; distribution lists, and other groups that will help ensure under-represented protected group members are aware of recruitment opportunities in OFM.</p>	<p>A001 – Administrative Activity</p>

Strategy and Capacity Assessment

The OFM Executive Management team identified objectives and strategies together, and worked with their teams as appropriate to identify resource constraints. The management team believes the strategies contained within this strategic plan can be accomplished within current capacity and conditions, unless otherwise identified. The plan is intended to guide future decisions and priorities and may be revised to reflect changes in circumstances, including additional assigned duties.

Performance Assessment on Previous Strategic Plan March 2004 to September 2006

Goal 1 – Assist the Governor in developing and implementing budget and policy initiatives that benefit the people of Washington State.

Objective 1.1: The POG approach is effectively integrated into budget development and systems support.

Strategy 1.1: Integrate fiscal, managerial and policy systems to more cohesively reflect OFM's central management role.

Activity 1.1.1: POG II designed by OFM executive and budget staff and used in the 2005-07 biennium budget development.

Status: This activity is complete for 2005-07 budget development. Plans are being considered for integrating POG III (2007-09 budget) with GMAP, and the 2005 changes to the Budget and Accounting Act.

Activity 1.1.2: Coordinate and manage an in-depth analysis of WorkFirst designed to frame the future of the program.

Status: Completed (12/31/04).

Activity 1.1.3: Complete negotiations for nine (9) master agreements.

Status: Completed (9/30/04).

Activity 1.1.4: Design a process for implementing, measuring and tracking performance of OFM's sustainability plan.

Status: Submitted OFM Sustainability Plan to the Governor's Sustainability Coordinator. Governor's Supplemental budget included a Resource Conservation Manager position in the Department of General Administrations budget to develop and implement energy saving proposals for campus buildings, including the Insurance Building. Worked with the Department of General Administration on ways of improving data collection used in agency sustainability reports.

Objective 1.2: Transition to the next administration sets the standards by which future transitions are measured.

Strategy 1.2: Lead an effective transition to the next administration.

Activity 1.2.1: Development of high-quality, comprehensive transition briefing materials and the planning for appropriate support resources.

Status: Completed (3/31/05).

Objective 1.3: OFM is more effective in its central management role in state government.

Strategy 1.3: Advance POG budgeting approach to government by changing statewide systems as needed to support this results-oriented approach, and by examining and developing evaluation tools needed for the POG process.

Activity 1.3.1: Develop a Roadmap for improvement of the state's core financial systems so that they help assure technology alignment with the State's financial and administrative business strategies through enterprise level architecture leadership and promote desired management practices.

Status: Phase 2 modeling is scheduled for completion this July. Completed deliverables and current modeling materials are posted on the Roadmap website at: <http://www.ofm.wa.gov/roadmap/modeling.htm>.

Milestone 4, the feasibility study, began July 1st. The feasibility study will evaluate options for improving the state's core financial business policies, processes, systems and data. The contract period is June 1, 2006 to June 30, 2007. In addition to the feasibility study, Eclipse Solutions will develop an information technology investment plan and a funding request/decision package.

Activity 1.3.2: Strengthen the agency's IT (Information Technology) Portfolio approach to ensure information technology investments are strategic and focus on supporting entire business processes.

Status: There are several initiatives that are under consideration. Performance measures were developed and need to be reviewed with the stakeholders and HR consulting.

Activity 1.3.3: Change statewide systems as needed to support the POG results-oriented approach to budgeting.

Status: The 2005-07 changes are complete. Additional changes will be considered as necessary for 2007-09.

Goal 2 – Improve our effectiveness in helping state agencies succeed in meeting their goals and fulfilling their responsibilities.

Objective 2.1: OFM is clear about what sound financial management looks like. Staff can readily describe defined standards, and OFM is effective in providing agencies with the guidance and appropriate training they may need to meet established standards for sound financial management.

Strategy 2.1: Establish the standards necessary to assist and guide state agencies in successfully meeting OFM's sound financial management principles.

Activity 2.1.1: Improve forecasting and fiscal management for non-general fund agencies.

Status: Inter-agency agreements are in place for OFM to provide revenue forecasting services to the Department of Licensing, the Department of Financial Institutions, and Parks and Recreation. Forecasts have already been provided to DFI, P&R and DOL. A comprehensive

review of DOL data and forecasting capabilities is underway. It is designed to result in a multi year improvement plan for DOL.

Objective 2.2: Negotiated collective bargaining agreements that enable agencies to manage effectively in the new labor relation's environment. Risk management principles are expanded to include all aspects of state business, which promotes a proactive approach to risk management that helps reduce the expense of claims against the state.

Strategy 2.2: Provide guidance and systems that will align and improve the management, performance, accountability and effectiveness of the state's financial and administrative services, with an emphasis on risk management and labor relations.

a) Improve the integrated management of agency contracts.

Activity 2.2.1: Provide enterprise services that increase the value and manage the risk of agency programs. An enterprise approach to resolving issues related to financial systems, risk management, or staff training and development, will help promote sustainability and manage business solutions in a cost effective manner.

Status: This approach continues through a variety of enterprise-wide projects that are reported on individually. Examples are: Roadmap and Knowledge Management projects.

Activity 2.2.2: Improve the integrated management of agency contracts.

Status: State grant guidance has been posted on the OFM web site under Contracts. Positive feedback has been received from agencies with some requests for more information. The agenda has been completed for the full-day advanced contract training seminar with the first training to begin in May 2006.

Activity 2.2.3: Apply technological tools to processes within Labor Relations Office geared towards the following:

- a) Grievance tracking system;
- b) An arbitration tracking system;
- c) Proper integration of labor related issues with the HRMS; and
- d) The upgrading of the LRO website to facilitate the inclusion of self-help training tools for supervisors and managers so that they can access relevant forms and information regarding grievance procedures etc.

Status: Completed 9/30/06.

Activity 2.2.4: Develop and deliver labor relations training on contract terms.

Status: Labor Relations training of nearly 500 HR staff throughout state agencies complete. Labor Contracts funded by legislature and took effect July 1, 2005.

Objective 2.3: Transaction-processing systems and applications are integrated and made more user-friendly, which saves the state money by improving management, performance, accountability and effectiveness of state services.

Strategy 2.3: Maximize the return on the state's investment in enterprise-wide systems.

Activity 2.3.1: Collaborate with agencies to improve statewide productivity and efficiency and to maximize the return on the public's financial and administrative systems.

Status: Roadmap Milestone 1 - Common business problems and opportunities have been completed. Over 39 agencies validated and prioritized the results through an on-line survey. The Roadmap business case was presented to the Executive Sponsors.

Milestone 2 is complete. Milestone 3 planning has begun. Milestone 4, the feasibility study, is begun in July 2006. The feasibility study will evaluate options for improving the state's core financial business policies, processes, systems and data. The contract period is June 1, 2006 to June 30, 2007. In addition to the feasibility study, Eclipse Solutions will develop an information technology investment plan and a funding request/decision package.

Goal 3 – Ensure the integrity of information provided by OFM to government agencies, the Legislature and the general public.

Objective 3.1: Adequate and consistent rules and tools for information access are established for OFM. Information systems are user-friendly.

Strategy 3.1: Provide easy, timely access to valuable and reliable information.

Activity 3.1.1: Establish and implement standards and methodology to improve resilience of IT services. This involves the development of:

- a) Data management policies and procedures, data classification and naming conventions, data security policies and procedures and the revision of the agency's unique retention schedule. These are being addressed through the Knowledge Management project. It will result in the employment of highly secure and reliable methods of data storage and data transfer to ensure the accuracy and integrity of published information. As OFM expands into new areas of responsibility, the need for data classifications, quality controls for state economic analyses and data security concerns become more of a priority.
- b) Computer room consolidation project.

Status: a) On June 15, the KM project held its final meeting. Major accomplishments coming from the KM project were the appointment of Anita Wieland, as the OFM Records Officer to develop and oversee the OFM Records Management Program, and the naming of Records Coordinators in divisions and work units across the agency to help with records management practices and awareness. Each division within OFM will assess its current document management practices. One of the first efforts in this area is the Shared Drive Migration Program which is currently underway.

b) Incremental enhancements are being made to the Insurance Building Computer Room that will improve its ability to accommodate the consolidation of servers to that as a secondary computer room. A whole room UPS and an upgrade in capacity to the electrical circuit feeding the computer room have been completed.

Activity 3.1.2: Establish technology and business partnerships with the state and private information technology community that will reduce risk, strengthen staff expertise, and provide high quality information technology support.

Status: 1) The Business Continuity initiative work sessions completed at the end of June with OFM IT and staff from the Risk Management Division participating in the yearlong process. IT staff will begin meeting with business units to help identify their vital services beginning the first part of next year.

2) Participating with DIS on the Enterprise Architecture Data Standards project. OFM is responsible for providing the standards for the financial and administrative data areas. Standards for most of our financial data has been established for the purposes of the AdHoc Reporting initiative within the Enterprise reporting area. Further standards will be published as they are developed.

Objective 3.2: A high regard for accuracy, timely information, and forecasts provided by OFM that leads to better decision-making and increased confidence in state government performance.

Strategy 3.2: Improve the research, analytical and customer service skills of staff.

Activity 3.2.1: Analyze the overall effectiveness of the state's chart of accounts to determine that it meets the current needs of budgeting and accounting.

Status: Completed (3/31/06)

Activity 3.2.2: Create a common understanding of OFM budget, accounting, demographic, economic and other data.

Status: A project proposal paper was prepared and discussed with budget and forecasting division representatives. A proposed project work plan is being prepared to test the feasibility of using the Enterprise Reporting Ad Hoc Query tool to meet the kinds of business needs that were met by the Policy Database. A related project began to include OFM budget databases in the new Ad Hoc Query tool.

Goal 4 – Create a culture within OFM that is supportive, constructive and safe for our own employees.

Objective 4.1: OFM is a place where most employees excel in their work, feel supported and are safe.

Strategy 4.1: Emphasize and promote leadership and effective management systems and practices that:

- a) Provide the necessary resources, tools and training for all employees;
- b) Emphasize and recognize the value and importance of management responsibilities; and
- c) Ensure that individual employee performance can be linked to the organization's vision, mission, goals and strategies.

Activity 4.1.1: Establish various networking, recognition and appreciation events to promote good management and strong leadership.

Status: Recognition event and Forum conducted. Many managers and supervisors continue to look for opportunities to recognize good performance within divisions and work groups.

Activity 4.1.2: The strategic expansion/enhancement of workforce planning efforts.

Status: ADs continue work in the development and/or refinement of workforce plans for their key positions ensuring risks associated with the departure of incumbents in key positions are minimized.

Activity 4.1.3: Support and encourage the development of activities related to the enhancement of employee performance and satisfaction.

Status: OFM received the results of the Employee Survey. OFM employees rated the organization higher than the state average. The Director and Deputy Director met with each AD and discussed the results in their specific areas. The results are posted on the OFM Intranet.

Objective 4.2: OFM is able to attract and retain the most competent, well-trained workforce.

Strategy 4.2: Ensure successful implementation of the Personnel System Reform Act within OFM.

Activity 4.2.1: Develop a plan for communicating, implementing and sustaining Washington Works initiatives.

Status: Completed. OFM/Governor's Office successfully implemented HRMS in both agencies. The Payroll and HR staff as well as attendance keepers accomplished all of their tasks by 4/3/06. This was no small task as there were well over 400 different HR, payroll, and time recording tasks required to run the 4/10 payroll.

Objective 4.3: Staff understand and support the strategic plan and can relate to and articulate their individual, unit and division strategies and goals to the agency's overall goals. This leads to improved communications, stronger collaborations within OFM, and staff that are strongly motivated to achieve agency goals.

Strategy 4.3: Provide conscious management and implementation of the strategic plan to ensure effective communication, ongoing review, monitoring and measurements of success.

Activity 4.3.1: Develop an approach to address maintaining good communications as the agency physically expands around the state capital.

Status: A communication assessment was conducted during the last quarter of 2005 (calendar year). 49 persons from all divisions and all levels of the agency were interviewed for this assessment. The findings and recommendations were presented to the Director and Deputy Director on Feb. 7th, to the Management Team on Feb. 13, and subsequently published agency wide on the Intranet at: <http://ofm004/sia/research.htm>. No significant agency-wide communication issues were discovered, however, there are individual areas where issues are being addressed.

Statutory Authority References

Chapter 43.41 RCW establishes the Office of Financial Management (OFM) as a division of the Office of the Governor.

RCW 43.41.030 clearly identifies the strategic role of OFM:

The Legislature finds that the need for long-range state program planning and for the short-range planning carried on through the budget process, complement each other. The biennial budget submitted to the Legislature must be considered in the light of the longer-range plans and goals of the state. The effectiveness of the short-range plan presented as budget proposals, cannot be measured without being aware of these longer-range goals. Thus efficient management requires that the planning and fiscal activities of state government be integrated into a unified process. It is the purpose of this chapter to bring these functions together in a new division of the office of the governor to be called the office of financial management.

This chapter also prescribes the general powers and duties of the OFM. Specifically RCW 43.41.110, Powers and duties of Office of Financial Management, clearly states:

The office of financial management shall:

- 1) Provide technical assistance to the governor and the Legislature in identifying needs and in planning to meet those needs through state programs and a plan for expenditures.
- 2) Perform the comprehensive planning functions and processes necessary or advisable for state program planning and development, preparation of the budget, inter-departmental and inter-governmental coordination and cooperation, and determination of state capital improvement requirements.
- 3) Provide assistance and coordination to state agencies and departments in their preparation of plans and programs.
- 4) Provide general coordination and review of plans in functional areas of state government as may be necessary for receipt of federal or state funds.
- 5) Participate with other states or subdivisions thereof in interstate planning.
- 6) Encourage educational and research programs that further planning and provide administrative and technical services thereof.
- 7) Carry out the provisions of RCW [43.62.010](#) through [43.62.050](#) relating to the state census.
- 8) Carry out the provisions of this chapter and chapter [4.92](#) RCW relating to risk management.

- 9) Be the official state participant in the federal-state cooperative program for local population estimates and as such certify all city and county special censuses to be considered in the allocation of state and federal revenues.
- 10) Be the official state center for processing and dissemination of federal decennial or quinquennial census data in cooperation with other state agencies.
- 11) Be the official state agency certifying annexations, incorporations, or disincorporations to the United States bureau of the census.
- 12) Review all United States Bureau of the Census population estimates used for federal revenue sharing purposes and provide a liaison for local governments with the United States bureau of the census in adjusting or correcting revenue sharing population estimates.
- 13) Provide fiscal notes depicting the expected fiscal impact of proposed legislation in accordance with chapter [43.88A](#) RCW.
- 14) Be the official state agency to estimate and manage the cash flow of all public funds as provided in chapter [43.88](#) RCW. To this end, the office shall adopt such rules as are necessary to manage the cash flow of public funds.

Chapter 39.29 RCW – Personal Service Contracts – Establishes open competition for personal service contracts entered into by state agencies and provides for executive review by OFM of personal service contracts, centralization of information of these contracts for ease of public review, and proper accounting of the personal service expenditures.

Chapter 43.88 RCW – State Budgeting Accounting and Reporting System (Formerly Budget and Accounting) – establishes an effective state budgeting, accounting, and reporting system for all activities of the state government, including both capital and operating expenditures; to prescribe the powers and duties of the governor as these relate to securing such fiscal controls as will promote effective budget administration; and to prescribe the responsibilities of agencies of the executive branch of the state government.

RCW 43.88.160 – Fiscal Management – Powers and duties of officers and agencies

This section sets forth the major fiscal duties and responsibilities of officers and agencies of the executive branch. The regulations issued by the governor pursuant to this chapter shall provide for a comprehensive, orderly basis for fiscal management and control, including efficient accounting and reporting therefore, for the executive branch of the state government and may include, in addition, such requirements as will generally promote more efficient public management in the state.

- 1) Governor; director of financial management. The governor, through the director of financial management, shall devise and supervise a modern and complete accounting system for each agency to the end that all revenues, expenditures, receipts, disbursements, resources, and obligations of the state shall be properly and systematically accounted for. The accounting system shall include the development

of accurate, timely records and reports of all financial affairs of the state. The system shall also provide for central accounts in the office of financial management at the level of detail deemed necessary by the director to perform central financial management. The director of financial management shall adopt and periodically update an accounting procedures manual. Any agency maintaining its own accounting and reporting system shall comply with the updated accounting procedures manual and the rules of the director adopted under this chapter. An agency may receive a waiver from complying with this requirement if the waiver is approved by the director. Waivers expire at the end of the fiscal biennium for which they are granted. The director shall forward notice of waivers granted to the appropriate legislative fiscal committees. The director of financial management may require such financial, statistical, and other reports as the director deems necessary from all agencies covering any period.

- 2) Except as provided in chapter [43.88C](#) RCW, the director of financial management is responsible for quarterly reporting of primary operating budget drivers such as applicable workloads, caseload estimates, and appropriate unit cost data. These reports shall be transmitted to the legislative fiscal committees or by electronic means to the legislative evaluation and accountability program committee. Quarterly reports shall include actual monthly data and the variance between actual and estimated data to date. The reports shall also include estimates of these items for the remainder of the budget period.
- 3) The director of financial management shall report at least annually to the appropriate legislative committees regarding the status of all appropriated capital projects, including transportation projects, showing significant cost overruns or underruns. If funds are shifted from one project to another, the office of financial management shall also reflect this in the annual variance report. Once a project is complete, the report shall provide a final summary showing estimated start and completion dates of each project phase compared to actual dates, estimated costs of each project phase compared to actual costs, and whether or not there are any outstanding liabilities or unsettled claims at the time of completion.
- 4) In addition, the director of financial management, as agent of the governor, shall:
 - a) Develop and maintain a system of internal controls and internal audits comprising methods and procedures to be adopted by each agency that will safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies for accounting and financial controls. The system developed by the director shall include criteria for determining the scope and comprehensiveness of internal controls required by classes of agencies, depending on the level of resources at risk.

Each agency head or authorized designee shall be assigned the responsibility and authority for establishing and maintaining internal audits following the standards of internal auditing of the institute of internal auditors;

- b) Make surveys and analyses of agencies with the object of determining better methods and increased effectiveness in the use of manpower and materials; and the director shall authorize expenditures for employee training to the end that the state may benefit from training facilities made available to state employees;
- c) Establish policies for allowing the contracting of child care services;
- d) Report to the governor with regard to duplication of effort or lack of coordination among agencies;
- e) Review any pay and classification plans, and changes there under, developed by any agency for their fiscal impact: PROVIDED, that none of the provisions of this subsection shall affect merit systems of personnel management now existing or hereafter established by statute relating to the fixing of qualifications requirements for recruitment, appointment, or promotion of employees of any agency. The director shall advise and confer with agencies including appropriate standing committees of the Legislature as may be designated by the speaker of the house and the president of the senate regarding the fiscal impact of such plans and may amend or alter the plans, except that for the following agencies no amendment or alteration of the plans may be made without the approval of the agency concerned: Agencies headed by elective officials;
- f) Fix the number and classes of positions or authorized employee years of employment for each agency and during the fiscal period amend the determinations previously fixed by the director except that the director shall not be empowered to fix the number or the classes for the following: Agencies headed by elective officials;
- g) Adopt rules to effectuate provisions contained in (a) through (f) of this subsection.