

# State of Alaska

January 2020

ALVAREZ & MARSAL

*Alaska Administrative Productivity and Excellence Project*

Back-Office Shared Services  
Current State Assessment



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# Purpose and Overview

# Purpose: AAPEX Current State Assessment

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## Assessment Scope

A&M assessed six State of Alaska Back-Office Shared Services functions:

- Procurement
- Collections
- Accounts Payable
- Lease Administration
- Travel & Expense
- Print Services

## Objectives

- Evaluate efficiency and effectiveness of Back-Office Shared Services using a capability maturity assessment framework
  - Compare current service delivery model with leading practices
  - Measure current shared services on capability maturity assessment framework
  - Benchmark key financial and performance metrics against governments and shared service organizations
- Provide a balanced, qualitative perspective through Voice of the Customer focus groups, interviews and surveys
- Develop gaps, observations and opportunities for improvement



# Leading Practices in Shared Services

**Shared Services of Alaska is in the early stages of maturity and could benefit from the application of key leading practices**

## **Best-in-Class Shared Services promote:**

- Efficient, high-performing, technology-enabled, and customer-focused support activities
- Single, standardized approach for processing key internal business transactions
- Partnerships with a focus on “Service First”
- Cost savings through efficiency and accountability for measuring success
- Dedicated customer service and solution representatives
- Measurement and monitoring of outcomes against Key Performance Indicators (KPIs) to ensure improved timeliness, quality and service
- Integrated technology solutions to drive workload efficiency and process improvement
- Data analytic solutions to improve efficiencies and cost redundancies

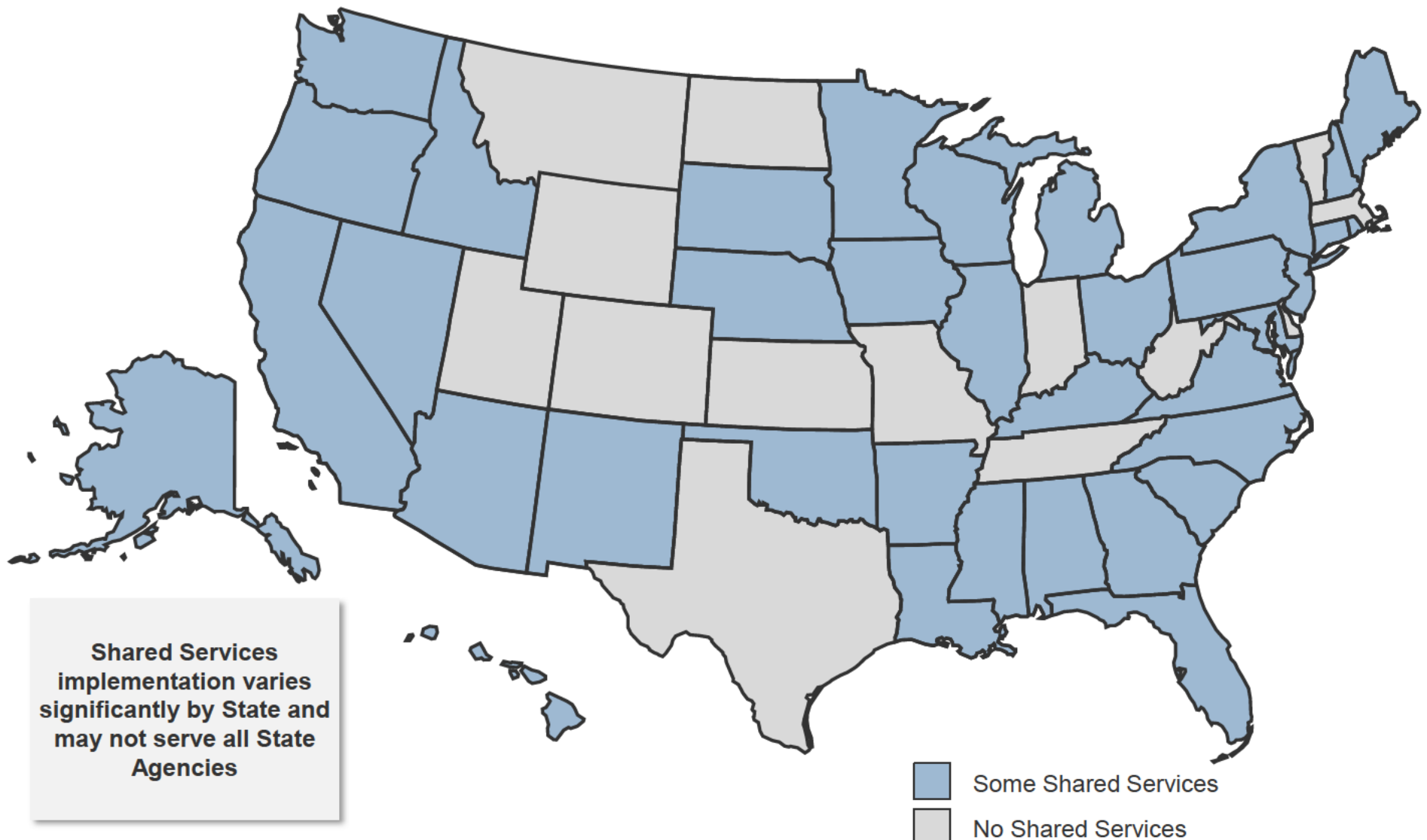
## **Key Model Attributes:**

- Designated Leader to manage Shared Services
- Appointed Executive Oversight Board to provide advisory support and prioritization of services
- Service level agreements to measure operating and financial performance
- Fair and equitable pricing models based on full cost of service and measurable units of measure
- Change management strategies to communicate and inform stakeholders of key operating, policy and financial decisions
- Integrated workforce plan to mitigate risks and costs related to employee turnover
- Continuous process improvement to drive cost reduction and increased productivity
- Cross-training of staff and natural backup support

***A well defined business case and delivery model should enable Departments’ to focus on their core mission while allowing the Shared Services Office to grow as a best-in-class, high-performing organization***

# State Governments with Shared Service Models
























































































State Governments are leveraging various Shared Service Models for back-office functions to obtain efficiency gains and cost savings




# Executive Summary

# Shared Services by Customer Department

The State has partially implemented Back-Office Shared Services as of Jan. 7, 2020

Department	Procurement	Accounts Payable	Travel & Expense	Collections	Lease Admin	Print Services (Juneau only)
Administration						
Commerce, Community, and Economic Development						
Corrections						
Education and Early Development						
Environmental Conservation						
Health and Social Services						
Labor and Workforce Development						
Law						
Natural Resources						
Revenue						
Public Safety						
Transportation/Public Facilities						
Fish and Game						
Military and Veterans Affairs						
Office of the Governor						

 Fully Using  Partially Using  Planned  Not Using

# Benchmarking Shared Services Performance

Shared Services has opportunity for efficiency gains based on industry comparison

Benchmark	Shared Services of Alaska			Peer Median
	Prior Period	Current	Target SLA	
Cycle time to approve an invoice and schedule payment	9.5 days May 2019	4.6 days Dec. 2019	3 to 5 days	3 to 6 days <sup>2</sup>
Cycle time to approve and schedule Travel & Expense reimbursements	33.3 days Dec. 2018	4.2 days Dec. 2019	15 days	2 to 3 days <sup>2</sup>
Number of invoices processed per Accounts Payable FTE	6,732 May 2019 <sup>1</sup>	10,540 Dec. 2019 <sup>1</sup>	None	9,002 <sup>3</sup>
Number of Travel and Expense disbursements processed per Travel & Expense FTE	3,604 Dec. 2018 <sup>1</sup>	4,649 Dec. 2019 <sup>1</sup>	None	5,813 <sup>3</sup>
Number of Statewide Contracting FTEs per \$1 billion purchases	36 FY2018	34 FY2019	None	33 <sup>3</sup>

[1] SSoA benchmark reflects one month of data which has been annualized. It does not account for seasonality in workload. Peer benchmark reflects full year.

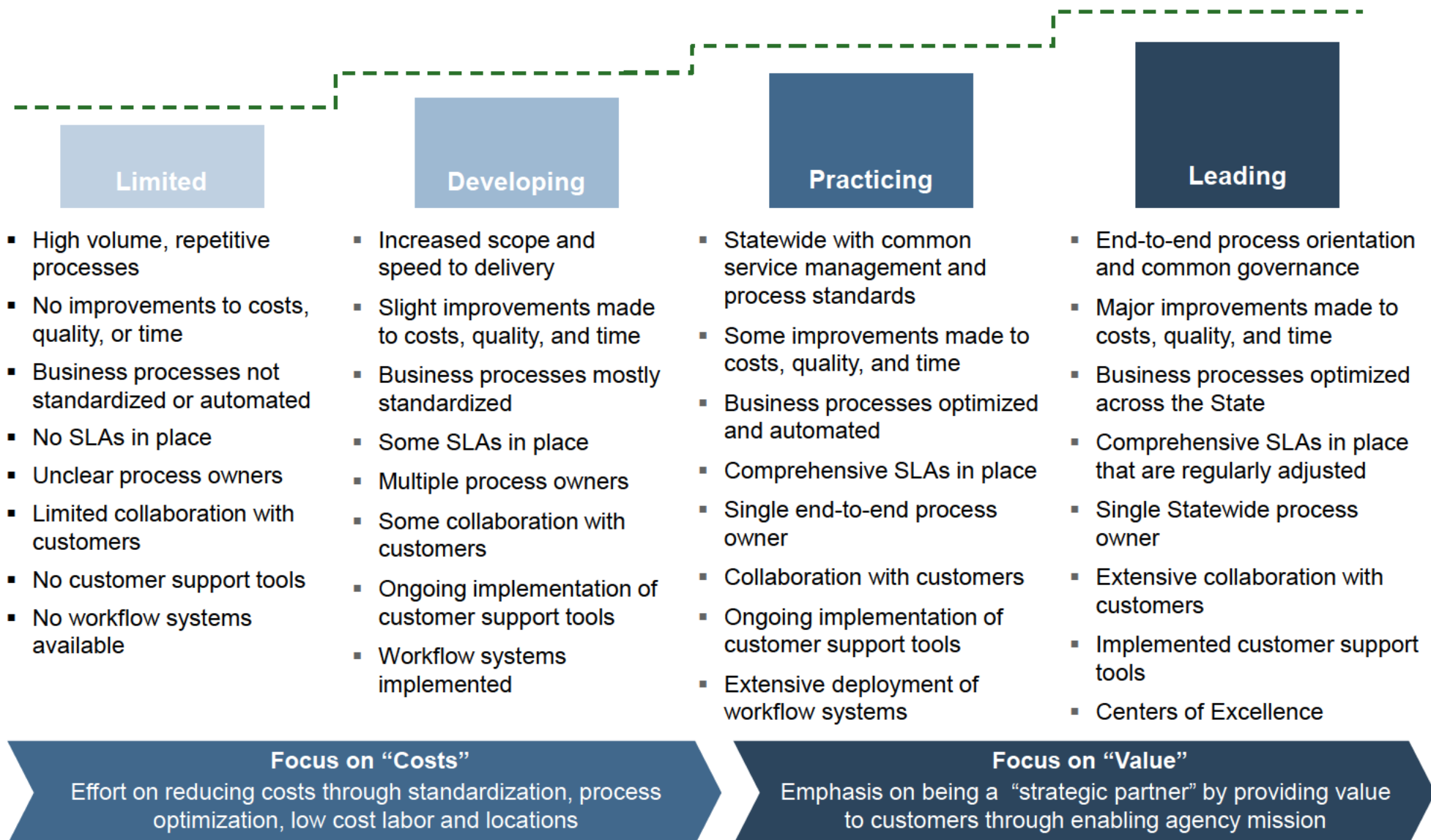
[2] SSON Analytics - North America Shared Services 2020 Benchmarking Report

[3] American Productivity & Quality Center Benchmarking



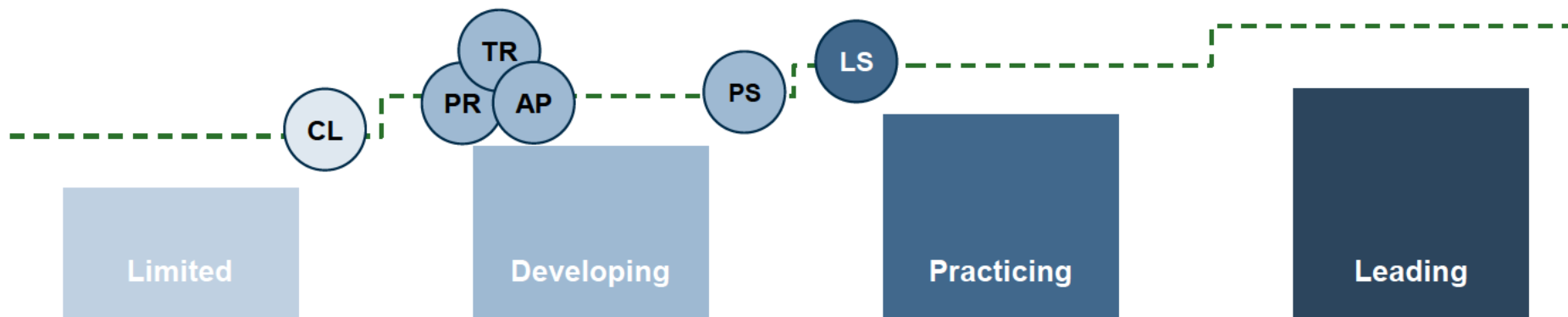
# Stages of Shared Services Maturity

To increase performance and value, Shared Services Organizations evolve to integrated models leveraging common infrastructure, capabilities, and governance



# Maturity Assessment Summary

Procurement, Accounts Payable, Travel & Expense, and Collections have developing maturity and would benefit from improvements to operations and technology



PR

## **Procurement.**

- Procurement is performed in each Department
- No spending plans or strategic sourcing strategies
- Processes defined but inconsistently applied

AP

## **Accounts Payable**

- Service is underutilized by the State
- Issues with quality and timeliness
- Duplication of data entry and no workflow automation
- Technology barriers exist

TR

## **Travel & Expense**

- Service is utilized across the State
- Primarily a processing center for travel advances and expense reimbursement
- Lack of interfaces between Portal and IRIS results in duplicate data entry

LS

## **Lease Administration**

- Partial consolidated model for procuring Department space needs
- Lacks proactive Statewide space management strategy
- Technology barriers exist

CL

## **Collections**

- Service is underutilized by the State
- Lack proactive Statewide recovery solutions
- Technology barriers exist

PS

## **Print Services**

- Serves all Juneau-based State offices
- No Statewide central mail delivery operation
- Customer satisfaction varied among customers

# Voice of the Customer Methodology

Customer feedback was collected through three channels

## Voice of the Customer

### Focus Groups and Interviews

- **Focus groups** with all State of Alaska Administrative Service Directors, Finance Officers, and Procurement Officers to understand the Department's perspective
- **Interviews** with 83 Shared Services stakeholders to understand challenges and opportunities
- **Process mapping** with Shared Services employees to review current processes

### Executive Interviews

- **Interviews** with 11 Commissioners and key Department leaders to obtain perspective on how Shared Services can help support their mission

### Customer Survey

- Shared Service Office surveyed existing Department users in October 2019
- A&M Shared Service Assessment Survey sent in December 2019 which received over 75 responses
- A&M State Procurement Officer Group Questionnaire sent in January 2020 which received 10 responses

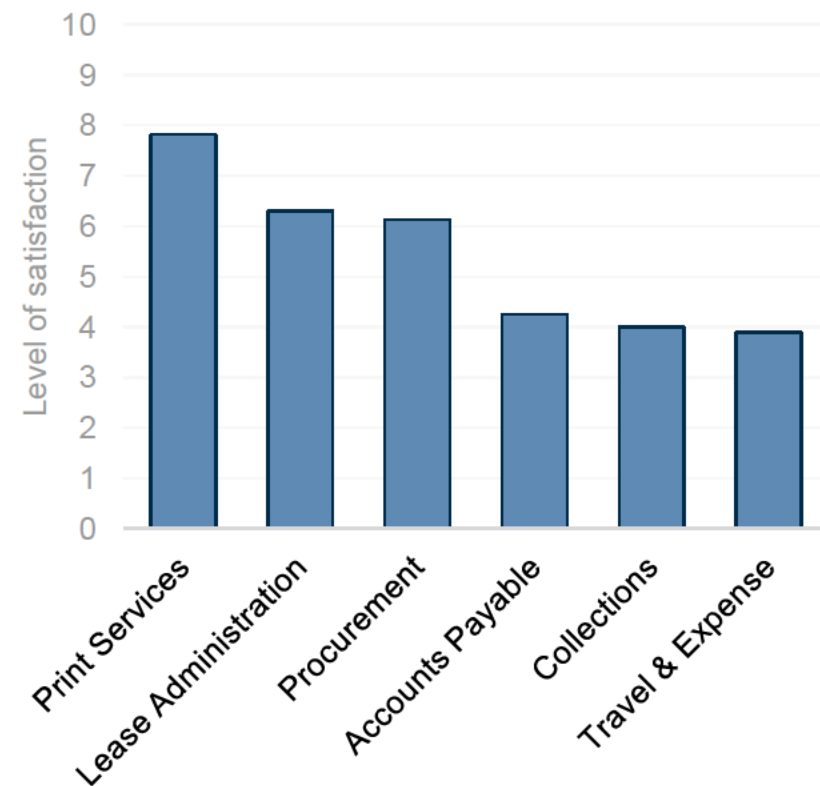
# Voice of the Customer Summary

Quality of Shared Services is improving but technology barriers and lack of automated workflow result in continued work for Departments

## Voice of the Customer Themes

- 69 percent of Survey respondents indicated Shared Services overall has improved over the past year
- Departments shared concerns about inadequate customer service, training, and communication of expectations
- Dissatisfaction with Accounts Payable and Travel & Expense based on continued work effort required by Departments
- System challenges hinder customer service and productivity
- Roles, responsibilities, and processes are not clearly defined
- Quality and timeliness issues exist
- Opportunity to streamline State procurement but uncertainty about how consolidation would work

## How Satisfied are you with each Shared Service?<sup>1</sup>



[1] AAPEX Qualtrics Survey. 26 responses as of Dec. 15, 2019.

# Gaps and Observations Summary

Business processes, technology, and organizational improvements are needed in order for the State to optimize its Shared Services model

## Gaps and Observations

*Shared Services has achieved efficiencies but **faces challenges with service delivery:***

- No processes are standardized across Departments, but some processes are defined
- Roles and responsibilities for Shared Services and Departments are not clearly communicated
- Spend management strategies are not being leveraged
- Technology systems are not meeting Shared Services and Department needs
- Shared Services KPIs are reported but are not benchmarked to industry best practices
- Reporting is not timely and cannot easily be customized by the user
- Rates are not consistently estimated and do not cover all operating costs

## Opportunities for Improvement

*Alaska has many opportunities to become a Best-In-Class Shared Services organization:*

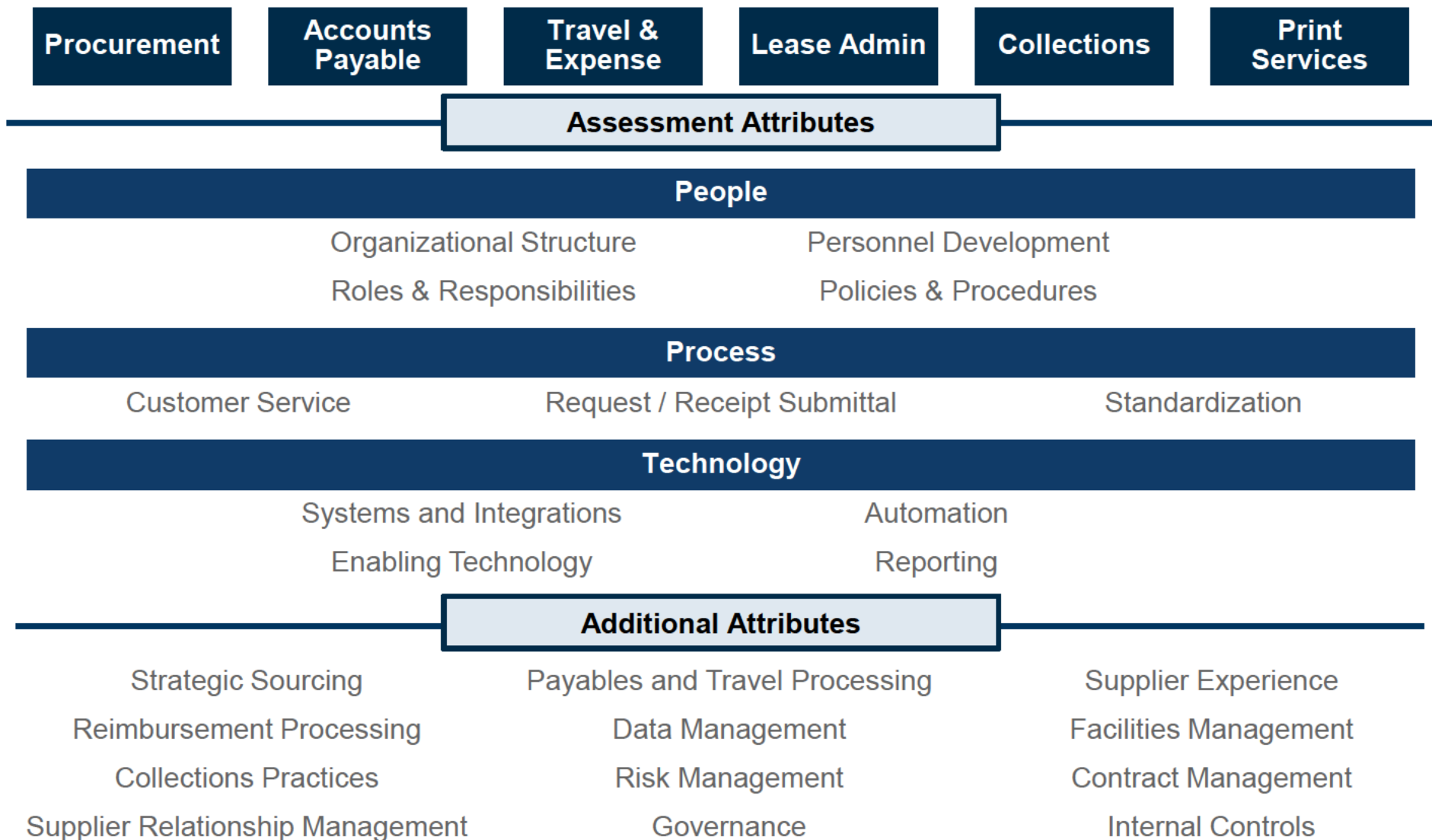
- Leverage change management principles to communicate the vision for a Shared Services model and drive continued adoption
- **Invest in enabling technologies** that will allow Shared Services to leverage process automation and advanced data analytics
- **Assess the IRIS financial system**'s ability to address the needs of the current and future Shared Services model
- **Optimize procure-to-pay processes** to leverage savings opportunities such as **strategic sourcing and prompt payment discounts**
- Centralize cost recovery and rate execution for consistency
- Create **customer-centric governance model** for accountability and transparency



# Maturity Assessment

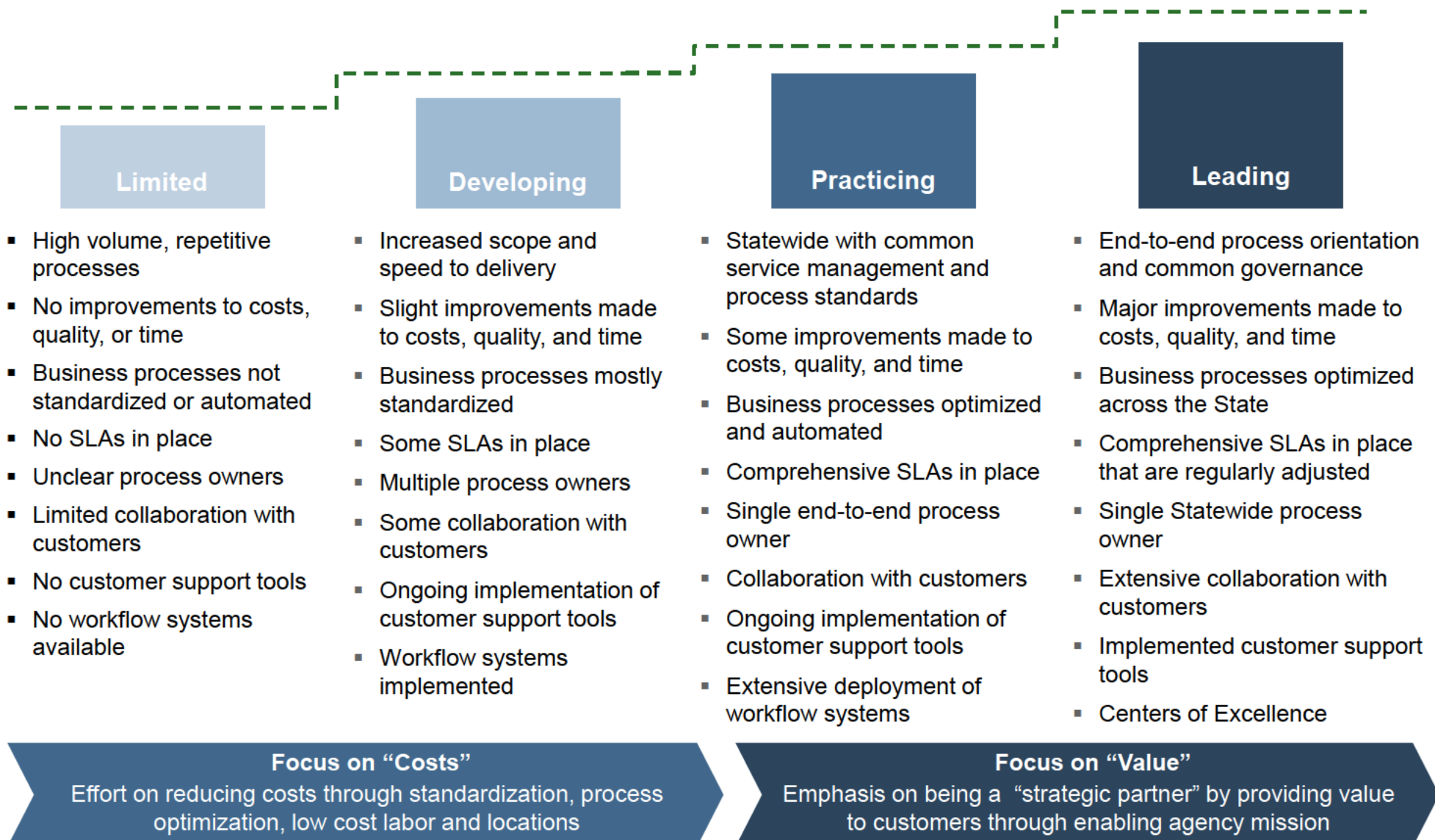
# Maturity Assessment Methodology

Each Shared Service was assessed using a comprehensive capability maturity assessment framework



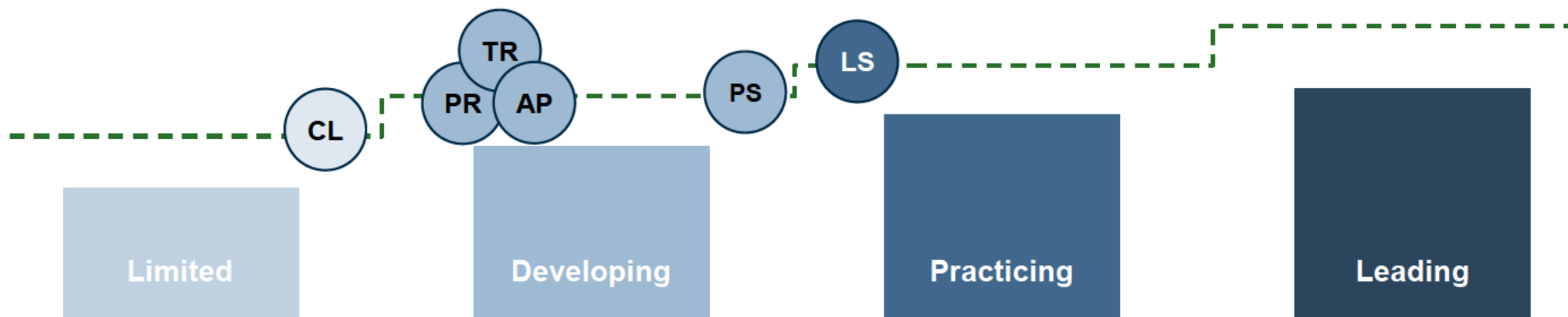
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# Maturity Assessment Scorecard

Existing Shared Services organization structure, process and uses of technology are not aligned with leading practices

		Procurement	Accounts Payable	Travel & Expense	Collections	Lease Admin	Print Services
People	Organizational Structure	●	●	●	●	●	●
	Personnel Development	●	●	●	●	●	●
	Roles & Responsibilities	●	●	●	●	●	●
	Policies & Procedures	●	●	●	●	●	●
Process	Subprocesses <sup>1</sup>	● ● ● ●	● ●	● ●	●	●	●
	Customer Service	●	●	●	●	●	●
Technology	Systems & Integrations	●	●	●	●	●	●
	Automation	●	●	●	●	●	●
	Reporting	●	●	●	●	●	●

Legend: ● Large Gap ● Moderate Gap ● No / Minor Gap

<sup>1</sup>Procurement: Strategic Sourcing, Purchasing Process, Risk Management, Contract Management

Accounts Payable: Payables Submission, Payables Processing

Travel & Expense: Travel Submission, Reimbursement Processing



# Procurement Overview

Lines of Service	Description
Develop and Manage Statewide Contracts	Establish contracts for use by the entire State including political subdivisions
Procurement Training	Develop and deliver training for procurement personnel throughout the State
Procurement "Help Desk" for All Departments	Support procurement functions for all Departments with their procurement needs and questions
RAP (Request for Alternative Procurement) Review	Receive RAP from Departments and approve
Surplus Property Resolution	Accept, store, and dispose of surplus State-owned property

## Departments Served

### Procurement Services:

**1 of 15**

- Includes Department of Administration

### Statewide Contracting and Surplus Property Services:

**15 of 15**

- Provides Statewide contracting and supplies property services but not fully utilized

## Shared Service Details

FY20 Budget	\$2.3M
# of FTEs	16
Funding Model	Vendor Fee
Authority	AS 36.30
FY18 Cost of Statewide Contracts	\$146.5M
# of Statewide Contracts	~250

## Enabling Technologies

IRIS	Financial System
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## Organization Structure

- Procurement functions centralized within Departments
- Contracting Unit within Shared Services negotiates and manages contracts available to the Departments and political subdivisions of the State

## Workload Measures (FY19)

# of RAPs	214
RAP Deadline Success	95%
Procurement Course Ratings	3.8 / 4
Surplus Property Billings (State + Federal)	\$699K

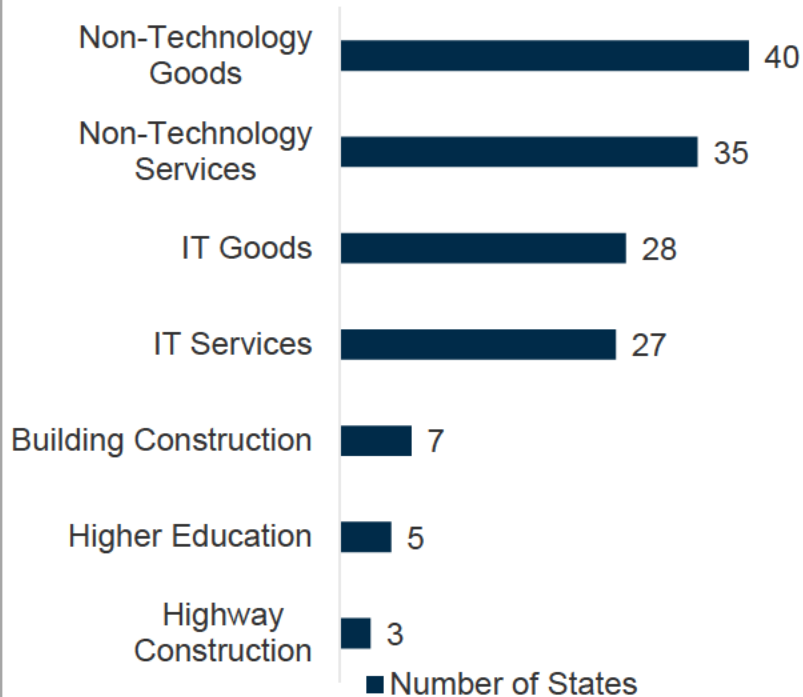
# State Procurement Practices – NASPO<sup>1</sup>

NASPO's Survey of U.S. States and Territories indicates that Alaska is not aligned with leading procurement practices

## *Procurement Best Practices:*

- **47 of 48 respondents (98 percent)** have some type of "Central Procurement" function
- **35 of 48 respondents (73 percent)** have "Central Procurement" functions with authority for all non-Technology goods and services

### "Central Procurement" Authority







### "Central Procurement" Services Offered






<sup>1</sup>NASPO Survey of State Procurement Practices of 48 States (2018)

# Procurement Assessment: People

Future Procurement model should have an organization structure that drives cross-training and knowledge-sharing

	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>Procurement centralized by Departments, but each Department functionally separate from each other</li> <li>Departments have limited resource capacity</li> </ul>	<ul style="list-style-type: none"> <li>Center-led procurement processes and guidelines</li> <li>Resources co-located to foster cross training and learning</li> </ul>	 <ul style="list-style-type: none"> <li>Duplication of effort</li> <li>Inability to leverage total spend</li> <li>Inability to share resources across Department silos</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>Defined hiring, training, and development processes exist, but are manual, not updated regularly, and are occasionally not used</li> </ul>	<ul style="list-style-type: none"> <li>Robust screening tools for incoming hires</li> <li>Comprehensive onboarding and training programs in place</li> <li>Defined career and skill development program</li> <li>All updated regularly with input from stakeholders and customers</li> </ul>	 <ul style="list-style-type: none"> <li>Steeper learning curve for new employees and new skills (i.e. Excel, communications)</li> <li>Reduced efficiency and quality from employees</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>Procurement roles and responsibilities are individually defined within Departments but not Statewide</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined, standardized roles and responsibilities for all procurement personnel</li> </ul>	 <ul style="list-style-type: none"> <li>Increased cost due to duplicative workload</li> <li>Conflicting operating processes</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Guidelines and policies are in place and employees trained, but they are inconsistently utilized and enforced</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined processes in place to train personnel</li> <li>Policies are enforced and compliance tracking is conducted</li> </ul>	 <ul style="list-style-type: none"> <li>Non-compliance resulting in increased cost, workload, and risk</li> <li>Increased risk of unauthorized spending</li> </ul>

Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Procurement Assessment: Process

Lack of standardization and spending plan analysis decrease the ability to drive benefits

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Strategic Sourcing</b>	<ul style="list-style-type: none"> <li>Commodity management strategies do not exist or are very informal</li> <li>Category managers not in place</li> <li>No formal process for stratification</li> </ul>	<ul style="list-style-type: none"> <li>Category management strategy is implemented across the organizations' spend</li> <li>Most significant categories / suppliers stratified into tiers</li> </ul>	●	<ul style="list-style-type: none"> <li>Inability to leverage spend</li> <li>Duplication of efforts (e.g. sourcing of the same item by multiple Departments and different standards)</li> </ul>
<b>Purchasing Process</b>	<ul style="list-style-type: none"> <li>Multiple purchasing processes are defined (e.g. ITB, RAP, RFP) but inconsistently applied and highly manual</li> <li>Most sourcing is not planned well in advance</li> </ul>	<ul style="list-style-type: none"> <li>Standard, formal purchasing process used across the organization</li> <li>Audit reviews in place to ensure rigor and transparency</li> </ul>	●	<ul style="list-style-type: none"> <li>Poor purchasing results (e.g. longer times to implement, higher costs, unfavorable terms)</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>Lack of defined risk management process</li> <li>Decentralized risk management</li> </ul>	<ul style="list-style-type: none"> <li>Risks are defined, measured, and prioritized</li> <li>Mitigation strategies are created and executed proactively</li> </ul>	●	<ul style="list-style-type: none"> <li>Higher exposure to procurement related risks (e.g. supplier default, failed negotiations)</li> </ul>
<b>Contract Management</b>	<ul style="list-style-type: none"> <li>A centralized resource center exists but does not handle a majority of the overall contracts</li> <li>Lack of comprehensive training</li> </ul>	<ul style="list-style-type: none"> <li>Contract management processes are standardized</li> <li>Standard contract terms established to mitigate risk</li> <li>Formalized training and standards in place</li> </ul>	●	<ul style="list-style-type: none"> <li>Loss of negotiating power</li> <li>Increased workload Increased supplier non-compliance risk (late or missing shipments)</li> </ul>
<b>Customer Service (Supplier Relationship)</b>	<ul style="list-style-type: none"> <li>Transactional and reactive supplier arrangements</li> <li>Few supplier performance metrics</li> </ul>	<ul style="list-style-type: none"> <li>Qualitative and quantitative KPI's are implemented, tracked and shared with suppliers</li> </ul>	●	<ul style="list-style-type: none"> <li>Substandard performance from suppliers</li> <li>Supplier performance does not improve over time</li> </ul>

Legend: ● Large Gap ● Moderate Gap ● No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Procurement Assessment: Technology

Manual processes and inadequate technology inhibit Procurement's ability to reduce costs and cycle time

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<i>Systems &amp; Integrations</i>	<ul style="list-style-type: none"> <li>No true procurement system in place</li> </ul>	<ul style="list-style-type: none"> <li>Purpose designed tool in place w/ majority of functionality used</li> <li>Suppliers integrated into State systems</li> </ul>	●	<ul style="list-style-type: none"> <li>Slower response times</li> <li>Duplication of efforts</li> </ul>
<i>Automation</i>	<ul style="list-style-type: none"> <li>Heavy reliance on manual processes in all stages</li> <li>Lack of workflow automation</li> </ul>	<ul style="list-style-type: none"> <li>Sourcing-specific system in place covering all stages of procurement</li> <li>Automated P2P connectivity</li> <li>Resources allocated to higher value activities</li> </ul>	●	<ul style="list-style-type: none"> <li>Decreased return on investment due to inefficiencies</li> </ul>
<i>Reporting</i>	<ul style="list-style-type: none"> <li>Few supplier and customer reporting processes in place</li> <li>Data quality is suspect</li> </ul>	<ul style="list-style-type: none"> <li>Set process for creation of pre-defined and self-reported performance data from suppliers, partners and customers</li> </ul>	●	<ul style="list-style-type: none"> <li>Increased costs due to lack of insight into procurement results</li> <li>No consolidated view of spend</li> </ul>
<i>Supplier Experience</i>	<ul style="list-style-type: none"> <li>Vendor self-service functionality exists but is not being utilized</li> <li>No centralized process or analysis; what is tracked is done manually</li> <li>Unplanned escalation process</li> </ul>	<ul style="list-style-type: none"> <li>Significant vendor self-service portals</li> <li>Supplier compliance tracking system fully integrated with purchasing and AP</li> </ul>	●	<ul style="list-style-type: none"> <li>Costly and manual tracking</li> <li>Lack of supplier contract compliance</li> </ul>
<i>Data Management</i>	<ul style="list-style-type: none"> <li>Little to no data tracking in place</li> <li>Databases do not exist and are</li> <li>Accuracy questionable</li> </ul>	<ul style="list-style-type: none"> <li>Detailed cost, performance, and delivery metrics used to evaluate processes and provide actionable recommendations</li> </ul>	●	<ul style="list-style-type: none"> <li>Increased risk of unplanned purchasing leading to higher costs and decreased quality</li> </ul>

Legend: ● Large Gap ● Moderate Gap ● No / Minor Gap

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# Accounts Payable Overview

Lines of Service	Description
Process Invoices for Payment	Receive invoices from customer Departments, enter data into the financial system, and certify the transaction for payment to vendors
Reconcile Purchase Card Transactions	Receive receipts from customer Departments and reconcile transactions in the financial system

## Departments Served

# 7 of 15

Departments include:

- Administration
- Commerce, Community, and Economic Development
- Corrections
- Education and Early Development
- Environmental Conservation
- Labor and Workforce Development
- Natural Resources

## Shared Service Details

# of Budgeted Positions	15
Funding Model	Chargeback
Authority	AS 37.05.130
FY19 # of Documents Processed <sup>1</sup>	33,197
FY19 # of P-Cards Processed <sup>1</sup>	9,752
% of Invoices Processed by Shared Services <sup>1</sup>	6.2%

## Enabling Technologies

IRIS	Financial System
ALDER	Reporting System
AP Portal	Help Desk Ticketing System

## Organization Structure

- An Accountant III supervises two AP Tech IIIs
- Two AP Tech IIIs each supervise five to six employees
- Responsibilities are separated between the processing of P-Cards and of regular invoices
- Travel Techs are cross-trained to support AP when needed

## Workload Measures (30 Day Avg. as of 12/9)

Request Support (Days)	2.0
Days to Process a Lease/Utility Invoice (GAX)	5.0
Days to Process a Three-Way Match Invoice (IN)	3.7
Days to Process an Invoice (PRC)	5.4
Days to Process a P-Card Transaction (PRCC)	10.9

[1] Data analysis performed by SSoA  
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# Accounts Payable Assessment: People

A fully consolidated AP function would allow for consolidated purchasing of supplies and commodities and help eliminate duplicative work




	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>7 out of 15 Departments using AP</li> <li>Departments still process their own confidential invoices</li> <li>AP staff are not organized by customer Departments</li> </ul>	<ul style="list-style-type: none"> <li>State AP function and resources fully consolidated</li> <li>AP staff have assignments by both customer Department and/or by commodity type</li> </ul>	●	<ul style="list-style-type: none"> <li>No economies of scale for making payments</li> <li>Duplicative work and higher error rates</li> <li>Lack of point of contacts for Departments</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>High turnover of AP employees</li> <li>No defined career ladder</li> <li>Large candidate pool makes it easy to fill vacancies</li> <li>Desk manuals exist but training is mostly on the job</li> </ul>	<ul style="list-style-type: none"> <li>Defined career and skill development program</li> <li>Comprehensive onboarding and training programs in place</li> <li>Common skills and capabilities to improve transferability</li> </ul>	●	<ul style="list-style-type: none"> <li>Steeper learning curve for new employees and new skills</li> <li>Reduced efficiency and quality from employees</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>Roles and responsibilities are clearly defined for both Departments and AP</li> <li>Updates and communications of changes are informal</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined roles and responsibilities for all AP personnel</li> <li>Standardized documented processes for updating and communicating changes</li> </ul>	●	<ul style="list-style-type: none"> <li>Incorrectly processed payments due to outdated or miscommunicated roles and responsibilities</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Policies and procedures are posted online; customers receive no pre-planned training</li> <li>Compliance with policies and procedures is inconsistent</li> </ul>	<ul style="list-style-type: none"> <li>Clear policies and procedures established and enforced</li> <li>Statewide mandate for use of SS</li> </ul>	●	<ul style="list-style-type: none"> <li>Increased cost, workload, and operational risk</li> <li>Poor quality of financial data</li> </ul>




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# Accounts Payable Assessment: Process

Standardization and simplification of the payables process will reduce workload and error rates

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Payables Submission</b>	<ul style="list-style-type: none"> <li>Payables receipts decentralized</li> <li>Departments not submitting invoices to AP on time</li> <li>P-Cardholders not submitting receipts on time</li> <li>AP not validating who is submitting and approving invoices</li> </ul>	<ul style="list-style-type: none"> <li>Payables receipts fully centralized</li> <li>Invoices are processed by payment term timeframes</li> <li>Established timeframes for submission of payable documentation and receipts</li> <li>Established fiduciary approvers</li> </ul>		<ul style="list-style-type: none"> <li>Increased workload due to duplicate data entry</li> <li>Risk of unauthorized invoice processing</li> <li>Delays in payment processing resulting in exception processing</li> </ul>
<b>Payables Processing</b>	<ul style="list-style-type: none"> <li>Single invoice process with multiple methods of data entry</li> <li>Inconsistent assignment of object and commodity codes</li> <li>Almost no use of prompt pay discounts</li> <li>Inability to schedule recurring payments</li> <li>Multiple vendor profiles (e.g., different address and bank account)</li> <li>No executed SLAs</li> <li>Defects and error rates are not collected</li> </ul>	<ul style="list-style-type: none"> <li>High degree of standardization and simplified processes</li> <li>Consistency of financial coding</li> <li>Pay bills only when due unless prompt payment discounts exist</li> <li>All recurring payments automated</li> <li>Vendor profile maintenance is centralized and actively managed</li> <li>Established customer SLAs</li> <li>KPIs consistently reported</li> </ul>		<ul style="list-style-type: none"> <li>Increased error rates due to complex data entry</li> <li>Increased costs by not taking prompt pay discounts, and incurring late fees</li> <li>Increased workload due to manual processing of recurring payments</li> <li>Risk of incorrect payments (e.g., pay wrong vendor, over/under pay)</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>Support calls routed through AP Supervisors</li> <li>No vendor interaction by AP</li> <li>Clarifications from Departments not streamlined and time-consuming</li> <li>Limited Department training on submission process</li> <li>Limited visibility into payment status</li> </ul>	<ul style="list-style-type: none"> <li>Established and reoccurring internal customer and vendor training on processes and workflow</li> <li>Dedicated points of contact for customers and vendors</li> <li>Self-service tools to allow customers to check status</li> </ul>		<ul style="list-style-type: none"> <li>Increased workload and cycle time</li> <li>Lower vendor satisfaction could lead to reduced supplier pool and increased costs</li> </ul>

Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Accounts Payable Assessment: Technology

## Lack of robust financial systems increases workload and complexity

	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Systems &amp; Integrations</b>	<ul style="list-style-type: none"> <li>No Statewide e-signature platform</li> <li>Data integrity issue with receipt attachment in IRIS</li> <li>Duplication of workload in AP Portal and IRIS</li> <li>Few vendors submit electronic invoices or use Vendor Self-Service portal</li> <li>P-cards require extra overnight batch process</li> </ul>	<ul style="list-style-type: none"> <li>E-signature platform and standards adopted across the State</li> <li>Technology configured and integrated to streamline and reduce duplicative data entry</li> <li>Electronic invoices received from all high-volume vendors</li> <li>Self-service solutions for vendors in place and fully leveraged</li> </ul>	<ul style="list-style-type: none"> <li>Manual signatures increase cycle time</li> <li>Lack of trust in financial system leads to higher workloads from lost records and secondary storage of records</li> <li>Duplication of data entry efforts</li> <li>Higher usage of electronic invoices would reduce AP workload</li> <li>Overnight batch process requires workarounds and extra work</li> </ul>
<b>Automation</b>	<ul style="list-style-type: none"> <li>Automated workflows for AP payments does not exist</li> <li>Inconsistent practices for receiving and three-way match</li> <li>Limited use of automated workflows for P-Card submission</li> </ul>	<ul style="list-style-type: none"> <li>Fully automated workflow</li> <li>Three-way match always used for all transactions</li> <li>Point-to-point data entry limited/eliminated</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload, cycle time, and processing time due to lack of automation</li> <li>Increased risk of mis-payment</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Tracking of transaction lifecycle in AP Portal results in duplication of data entry</li> <li>Cycle time reporting is a manual process with limited customer confidence</li> <li>KPIs are not system generated</li> </ul>	<ul style="list-style-type: none"> <li>Real-time and online reporting of approval and payment status</li> <li>Cycle time and error rates are system generated</li> <li>Timely and relevant financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload, cycle time, and processing time due to lack of automation</li> <li>Risk of over or under spending due to limited view of current financials</li> </ul>

Legend: Large Gap Moderate Gap No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment



# Travel & Expense Overview

Lines of Service	Description
Process Travel Request	Receive travel request form (excel spreadsheet) from Departments and enter information into IRIS
Process Travel Advances	Calculate and approve travel advances for payment to traveler
Process Traveler Reimbursement	Receive receipts from customer Departments, reconcile transactions in the financial system, and approve reimbursements

## Departments Served

**12 of 15**

Departments excluded:

- Department of Fish and Game
- Department of Military and Veterans Affairs
- Office of the Governor

## Shared Service Details

# of Budgeted Positions	38
Funding Model	Chargeback
Authority	AS 37.05.130
FY19 # of Documents Processed <sup>1</sup>	78,778
FY19 # of P-Cards Processed <sup>1</sup>	35,410
FY19 Statewide Travel Spend <sup>1</sup>	\$390M
% of Trips Processed by Shared Services <sup>1</sup>	63%

## Enabling Technologies

IRIS	Financial System
ALDER	Reporting System
AP Portal	Help Desk Ticketing System

## Organization Structure





- An Accountant III supervises four Travel Tech IIIs
- Four Travel Tech IIIs each supervise eight to nine employees
- Workload and positions are aligned by Department assignments




## Workload Measures (30 Day Avg. as of 12/8)

Days to Create a Travel Authorization Purchase Order (TAPO)	1.4
Days to Receive Receipts from Departments	15.3
Days to Pay a Traveler	7.3
Days to Close a Trip	9.8
Outstanding Trip Closures	35

# Travel & Expense Assessment: People

The Shared Services training programs have resulted in increased consistency in processing transactions

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>12 out of 15 executive branch Departments utilize Shared Services-Travel Services for some or all travel</li> <li>Span of control of eight to nine employees per supervisor</li> </ul>	<ul style="list-style-type: none"> <li>Complete or near complete centralization</li> <li>Span of control of at least six employees per supervisor</li> </ul>		<ul style="list-style-type: none"> <li>Underutilized resources within Shared Services-Travel (e.g., capacity for staff to assume additional transactions)</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>User manuals exist for Shared Services and Department onboarding</li> <li>Formal and recurring customer training is limited</li> </ul>	<ul style="list-style-type: none"> <li>Established and recurring Department customer training on processes, policies, pricing, and workflow</li> </ul>		<ul style="list-style-type: none"> <li>Increased cycle time and decreased customer satisfaction driven by lack of comfort with process</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>Roles and responsibilities defined within SLAs for all participating Departments</li> <li>Process maps documented</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined roles and responsibilities</li> <li>SLAs established with at least 90% of users</li> </ul>		<ul style="list-style-type: none"> <li>Increased cost and workload due to duplicative and potentially conflicting decision-making</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Policies and procedures posted online; customers receive unplanned training</li> <li>Inconsistent application and enforcement of policies</li> </ul>	<ul style="list-style-type: none"> <li>Clear policies and procedures established and enforced</li> </ul>		<ul style="list-style-type: none"> <li>Non-compliance resulting in increased cost, workload, and risk</li> </ul>

Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change



# Travel & Expense Assessment: Process

Standardization of travel processes Statewide should lead to decreased error rates and improved cycle time

	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Travel Submission</b>	<ul style="list-style-type: none"> <li>Two separate standardized processes in place to submit and approve trips</li> <li>Certification standards inconsistent across Shared Services-Travel certifiers</li> </ul>	<ul style="list-style-type: none"> <li>Process standardization across the State</li> <li>Consistent and documented certification standards</li> </ul>	<ul style="list-style-type: none"> <li>Higher rejection rate due to confusion among Shared Services reconcilers regarding certification standards</li> <li>Increased cycle time due to high rejection rate of travel forms</li> </ul>
<b>Reimbursement Processing</b>	<ul style="list-style-type: none"> <li>Reimbursement requirements vary across bargaining units</li> <li>Different reimbursement processes for taxable and non-taxable travel</li> <li>Travelers reimbursed via both manual check and electronic funds transfer</li> <li>Actual cycle time is seven days</li> </ul>	<ul style="list-style-type: none"> <li>Statewide standard reimbursement policy</li> <li>Process for reimbursement is standardized Statewide</li> <li>Travel reimbursements are processed via electronic funds transfer</li> <li>Credit card expenses processed directly with the vendor</li> <li>Target cycle time is two to three days<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Increased error rate due to various reimbursement policies and practices</li> <li>Increased workload and cycle time due to manual processing of reimbursement checks</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>Support calls routed through Shared Services-Travel leads</li> <li>Departments can submit support ticket through AP/Travel Portal</li> </ul>	<ul style="list-style-type: none"> <li>Help desk to answer basic support questions</li> <li>Robust self-service portal for customer service</li> <li>Advanced service orientation with customer-service driven processes</li> </ul>	<ul style="list-style-type: none"> <li>Lack of central help desk increases workload for Travel leads, diverting them from higher value tasks</li> </ul>

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change

[2] "SSON Analytics - North America Shared Services 2020 Benchmarking Report"

# Travel & Expense Assessment: Technology

A common travel approval and expense tool would allow for reduced cycle time and increased internal controls

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Systems &amp; Integrations</b>	<ul style="list-style-type: none"> <li>▪ Lack of integration between AP/Travel Portal and IRIS causes duplication of data entry</li> </ul>	<ul style="list-style-type: none"> <li>▪ Systems are integrated across process lifecycle</li> <li>▪ Limited time spent reconciling data from different systems</li> </ul>	●	<ul style="list-style-type: none"> <li>▪ Increased workload and risk of errors due to duplication of data entry</li> <li>▪ Increased cycle time</li> </ul>
<b>Automation</b>	<ul style="list-style-type: none"> <li>▪ Little to no automation</li> <li>▪ No logic in systems to define business rules</li> </ul>	<ul style="list-style-type: none"> <li>▪ Automation and business rules integrated in end-to-end travel and expense management software</li> </ul>	●	<ul style="list-style-type: none"> <li>▪ Increased workload, cycle time, and processing time due to lack of automation</li> <li>▪ Risk of errors in recording incorrect business rules</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>▪ Generating KPI reports is a highly manual process</li> <li>▪ Reporting not always up-to-date</li> <li>▪ Limited customer-facing reports</li> <li>▪ Poor tracking of AP vs. Travel purchases made on p-card</li> </ul>	<ul style="list-style-type: none"> <li>▪ Real-time and online reporting of approval and payment status</li> <li>▪ Cycle time and error rates are system generated</li> </ul>	●	<ul style="list-style-type: none"> <li>▪ Lack of validation of cycle time and error rate</li> <li>▪ Reporting limitations reduce ability to measure efficiency and effectiveness</li> </ul>

Legend: ● Large Gap ● Moderate Gap ● No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Collections Overview

Lines of Service	Description
Revenue Recovery	Assist State Departments with the collection of aged receivables

## Departments Served

**3 of 15**

Departments include:

- Department of Administration
- Department of Labor and Workforce Development
- Department of Revenue

Other Customers include:

- Alaska Court System

## Shared Service Details

# of Budgeted Positions	2
Funding Model	Vendor Fee
Authority	AS 37.05.130
Aged AR Portfolio – Alaska Court System	\$165.3M
Aged AR Portfolio – Departments	\$2.5M
FY19 Statewide Outstanding Collections	>\$290M
Collection Agency Commission	Fees vary by AR age 0-36 months: 12-15% +36 months: 22-24%

## Enabling Technologies

IRIS	Financial System
Excel	Tracking System
ACT System	Third-Party System

## Organization Structure





- A Project Manager II supervises one Accounting Tech I
- One Collection Agency (Account Control Technology, ACT)




## Workload Measures (as of January 2020)

Total Accounts	566k
% Recovered from PFD (includes Alaska Court System)	3.3%
% Recovered from Collections Agency (includes Alaska Court System)	0.2%

# Collections Assessment: People

The lack of a Statewide Revenue Recovery Collection model results in loss of revenues coming back in the State



	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>Two out of 15 executive branch Departments utilize Shared Services-Collections</li> <li>Two employees working with a Third Party Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Complete centralization of all revenue recovery operations</li> <li>Focused resources on specialized collection categories</li> <li>Span of control of at least six employees per supervisor</li> </ul>	 <ul style="list-style-type: none"> <li>Limited consolidated revenue recovery efforts result in non-collection of State revenues</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>No formalized employee onboarding or training</li> <li>No revenue recovery metrics or requirements for employees or Third Party Contractor</li> </ul>	<ul style="list-style-type: none"> <li>Established and recurring training on processes, polices, pricing, and workflow</li> <li>Established performance metrics and targets</li> </ul>	 <ul style="list-style-type: none"> <li>Decreased revenue recovery due to lack of performance and/or accountability metrics</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>Roles and responsibilities not documented</li> <li>No established SLAs</li> <li>Limited focus on revenue recovery efforts</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined roles and responsibilities</li> <li>SLAs established with at least 90 percent of users</li> <li>Revenue recovery policies defined</li> </ul>	 <ul style="list-style-type: none"> <li>Decreased revenue recovery due to non- standardized and collaborative procedures</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Policies and procedures not formally documented</li> <li>No Statewide policies on revenue recovery guidelines</li> </ul>	<ul style="list-style-type: none"> <li>Documented policies and procedures with general common understanding of processes</li> <li>Established recovery target areas and thresholds</li> </ul>	 <ul style="list-style-type: none"> <li>Inconsistent processes resulting in increased cost, workload, and risk</li> </ul>




Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Collections Assessment: Process

Shared Services Collections is not following best practices in government revenue recovery

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Collections Practices</b>	<ul style="list-style-type: none"> <li>No use of Federal Treasury Offset Program or any other State or Other Political Subdivision Interception Programs</li> <li>Limited use of analytical modeling for maximum recoveries</li> <li>Use skip tracing, direct letters, consumer-friendly calls to aid in collections</li> </ul>	<ul style="list-style-type: none"> <li>All State revenue recovery and aged collections (excluding University of Alaska Student Loans) are included in comprehensive Revenue Recovery Program</li> <li>Use of Federal Treasury Offset Programs</li> <li>Use of State Intercept programs</li> <li>Use of analytical modeling, skip tracing, direct letters, and calls to aid in collections</li> </ul>		<ul style="list-style-type: none"> <li>Loss of revenue due to lack of implementation of offset and intercept programs</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>Collection efforts are not standardized across State Agencies</li> </ul>	<ul style="list-style-type: none"> <li>Uniform revenue recovery standardization across State Agencies</li> <li>Standard methods for communicating and collecting payments</li> </ul>		<ul style="list-style-type: none"> <li>Loss of revenue due to best practices not being utilized Statewide</li> </ul>

Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Collections Assessment: Technology

Shared Services Collection technology represents manual worksheets and not integration with IRIS

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Systems &amp; Integrations</b>	<ul style="list-style-type: none"> <li>Limited use of collections technology tools</li> <li>IRIS AP Intercept feature has not been vetted by State</li> </ul>	<ul style="list-style-type: none"> <li>Use of comprehensive tool to track and monitor collection efforts</li> </ul>		<ul style="list-style-type: none"> <li>Loss of revenue due to limited monitoring and lack of intercepting technology</li> </ul>
<b>Automation</b>	<ul style="list-style-type: none"> <li>Lack of process automation</li> </ul>	<ul style="list-style-type: none"> <li>Automation integrated throughout end-to-end process</li> <li>Use of automated billing and electronic payment portal</li> <li>Use of algorithms to identify high-potential collection targets</li> </ul>		<ul style="list-style-type: none"> <li>Inefficiencies driven by manual processes</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Shared Services-Collections conducts minimal collection studies to understand outstanding debt portfolios by Department</li> </ul>	<ul style="list-style-type: none"> <li>Real-time and online reporting of collections status by Department</li> </ul>		<ul style="list-style-type: none"> <li>No real-time view into outstanding Statewide debt</li> <li>Inability to track collection performance</li> </ul>

Legend: Large Gap Moderate Gap No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment



# Lease Administration Overview

Lines of Service	Description
Lease Management	Procure, manage and administer office leases from the private sector and State property owners for all Executive Branch
Space Planning	Procure design services to address leased space, consolidating State-owned/leased space where savings may be realized

## Departments Served

**14 of 15**

- All included except Department of Public Safety
- Leases under \$50K are not required to be managed centrally with Shared Services

## Shared Service Details

FY20 Budget	\$1.5M
# of Budgeted Positions	11
Funding Model	Chargeback
Authority	AS 36.30.080
# of Leases Managed	163

## Enabling Technologies

LMS	Lease Management System
IRIS	Financial System
ALDER	Reporting System
Excel	Lease and Contract Tracking

## Organization Structure

- State Leasing and Facilities Manager
- Contracting Officer Supervisor
- Four Contracting Officers
- One Program Coordinator
- One Facilities Manager
- Three Administrative Assistants

## Workload Measures

\$ Value of Leases	\$44M
% Renewals Negotiated At or Below Market Rate	79%
Total Leased Sq. Ft Statewide	3.86M Sq. Ft.

# Lease Administration Assessment: People

Shared Services Leasing Office needs become more visible with customer Departments in resolving facility maintenance and repair issues



	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>14 out of 15 executive branch Departments utilize Shared Services-Leasing services</li> <li>Leases &lt; \$50k managed by Departments and not the Shared Services-Leasing Office</li> <li>Four contracting officers managed by one supervisor</li> </ul>	<ul style="list-style-type: none"> <li>Complete centralization of all leases and proper management</li> <li>Span of control of at least six employees per supervisor</li> </ul>	<ul style="list-style-type: none"> <li>Lack of centralization of all leases, including those under \$50,000, results in space planning and spending inefficiencies</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>No formal training procedures with onboarding mainly "on the job"</li> <li>Documented Contracting Officer manual</li> </ul>	<ul style="list-style-type: none"> <li>Established and recurring training on processes, policies, pricing, and workflow</li> </ul>	<ul style="list-style-type: none"> <li>Lack of formalized training increases Contracting Officer onboarding time and opportunity to provide immediate value in property management</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>No SLAs established with Department customers</li> <li>Process maps documented</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined roles and responsibilities</li> <li>SLAs established with at least 90 percent of users</li> </ul>	<ul style="list-style-type: none"> <li>Increased cost and workload due to duplicative work</li> <li>Lack of accountability for facilities usage and costs</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Policies and procedures documented in manual for Contracting Officers</li> </ul>	<ul style="list-style-type: none"> <li>Documented policies and procedures with common understanding of processes</li> <li>Integrated space planning and facilities management</li> </ul>	<ul style="list-style-type: none"> <li>Lack of integration of space planning and facilities management results in increased operating costs and underutilization of assets</li> </ul>

Legend: Large Gap Moderate Gap No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Lease Administration Assessment: Process

Current practice of leases under \$50,000 still being managed by Departments results inefficiencies in facility management and space utilization across the State

	FINDINGS & OBSERVATIONS	LEADING PRACTICES	IMPLICATIONS <sup>1</sup>
<b>Lease Management</b>	<ul style="list-style-type: none"> <li>Responsibilities include finding space, negotiating leases, managing contracts</li> <li>No pre-planned assistance with space management needs</li> <li>Standard templates exist for agency leases, space allocation</li> <li>Leases &lt; \$50k not required to be centralized with Shared Services</li> </ul>	<ul style="list-style-type: none"> <li>Oversee entire lease lifecycle</li> <li>Formal process for Statewide space planning and space management</li> <li>Consolidated facilities management service delivery</li> <li>Standardization processes and procedures</li> <li>Integrated space utilization and facility usage standards</li> <li>Centralized lease management and maintenance standards</li> </ul>	 <ul style="list-style-type: none"> <li>Increased total State lease costs due to lack of centralized space management planning</li> <li>Loss of negotiating power due to decentralization of certain leases</li> <li>Lack of visibility into total Statewide lease spend</li> <li>Lack of lease and facility maintenance cost analysis will lead to increased operating costs</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>Proactive in reaching out to Department customers when lease up for renewal</li> </ul>	<ul style="list-style-type: none"> <li>Full-service facilities and operations management</li> <li>Advanced service orientation with customer-service driven processes throughout life of lease</li> </ul>	 <ul style="list-style-type: none"> <li>Lack of coordinated facilities planning and facilities cost management</li> <li>Lack of integrated facilities management service resolution</li> </ul>

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Lease Administration Assessment: Technology

Lack of a robust contract management system results in manual recordkeeping and workload processes

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Systems &amp; Integrations</b>	<ul style="list-style-type: none"> <li>Outdated leasing software is limited in functionality</li> <li>Significant use of spreadsheets to track leases</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated lease management software tool that tracks leases</li> </ul>		<ul style="list-style-type: none"> <li>Process inefficiencies driven by spreadsheet maintenance and updating</li> </ul>
<b>Automation</b>	<ul style="list-style-type: none"> <li>Little to no automation</li> <li>Contract Officers set manual calendar reminders for key milestone dates</li> </ul>	<ul style="list-style-type: none"> <li>Automation integrated in end-to-end lease management software</li> </ul>		<ul style="list-style-type: none"> <li>Increased workload and processing time due to lack of automation</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Measure percentage of renewals negotiated at or below market rates</li> <li>Highly manual, spreadsheet-based reporting</li> </ul>	<ul style="list-style-type: none"> <li>Real-time and online reporting of KPIs</li> </ul>		<ul style="list-style-type: none"> <li>Reporting limitations reduce ability to measure efficiency and effectiveness</li> </ul>

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Print Services Overview

Lines of Service	Description
Process Inbound Mail	Receive inbound mail from USPS, sort and deliver to State Departments in Juneau
Process Interagency Mail	Pickup and deliver mail between State Departments in Juneau
Schedule Outbound Mass Mailings	Schedule and post mass mailings (e.g., PFD) to State residents

## Departments Served

**15 of 15**

In Juneau

**0 of 15**

Outside of Juneau

## Shared Service Details

FY20 Budget	\$2.6M
# of Budgeted Positions	Five
Funding Model	Chargeback
Authority	AS 44.21.020

## Enabling Technologies

Business Manager	Postage Tracking
IRIS	Financial System

## Organization Structure

- One Supervisor
- Four Mail Service Couriers in Juneau





## Workload Measures (FY19)




# of Mail Pieces	1.72M
% Sent On Time	100%
# of High Volume Insertion Jobs	1075
% Completed on Time	100%



# Print Services Assessment: People

Juneau Print Services operations handles major customer Department daily and special mail operations with reported on time service

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Organizational Structure</b>	<ul style="list-style-type: none"> <li>All executive branch Departments in Juneau utilize Print Services</li> <li>Five employees managed by one supervisor</li> </ul>	<ul style="list-style-type: none"> <li>Complete centralization across all major service hubs</li> <li>Span of control of at least six employees per supervisor</li> </ul>		<ul style="list-style-type: none"> <li>Potential inefficiencies due to lack of centralized model in Anchorage</li> </ul>
<b>Personnel Development</b>	<ul style="list-style-type: none"> <li>Staff cross-trained to handle multiple responsibilities</li> <li>Training is mainly on-the-job</li> <li>Training documents are obsolete</li> </ul>	<ul style="list-style-type: none"> <li>Cross-trained staff</li> <li>Established training on processes, policies, pricing, and workflow</li> </ul>		<ul style="list-style-type: none"> <li>Increased onboarding time for new employees due to lack of formal training program</li> </ul>
<b>Roles &amp; Responsibilities</b>	<ul style="list-style-type: none"> <li>Roles and responsibilities not formally documented</li> <li>No established SLAs</li> </ul>	<ul style="list-style-type: none"> <li>Clearly defined roles and responsibilities</li> <li>SLAs established with at least 90% of users</li> </ul>		<ul style="list-style-type: none"> <li>Increased cost and workload due to duplicative and potentially conflicting decision-making</li> </ul>
<b>Policies &amp; Procedures</b>	<ul style="list-style-type: none"> <li>Policies and procedures not formally documented</li> </ul>	<ul style="list-style-type: none"> <li>Documented policies and procedures with general common understanding of processes</li> </ul>		<ul style="list-style-type: none"> <li>Inconsistent processes resulting in increased cost, workload, and risk</li> </ul>



Legend:  Large Gap  Moderate Gap  No / Minor Gap

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment



# Print Services Assessment: Process




No standards of mailing requirements (e.g., envelope sizes and mailing priorities results potential cost increases and operating inefficiencies

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Mail Processing</b>	<ul style="list-style-type: none"> <li>No standardization of envelope size or paper stock across State</li> <li>Bulk permits maintained in-house for mass mailings</li> </ul>	<ul style="list-style-type: none"> <li>Statewide standardized envelope, paper stock, and bulk mailing policy</li> </ul>		<ul style="list-style-type: none"> <li>Increased costs due to lack of Statewide purchasing of envelopes and paper</li> </ul>
<b>Customer Service</b>	<ul style="list-style-type: none"> <li>Dedicated mail pickup time each day from Departments</li> <li>Delivery guaranteed by close of business same day</li> </ul>	<ul style="list-style-type: none"> <li>Dedicated mail pickup time with guaranteed same day delivery for interagency mail</li> </ul>		<ul style="list-style-type: none"> <li>Schedule results in decreased workload in later part of day</li> </ul>

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Print Services Assessment: Technology

Routine reporting to customer Departments allows for timely review of costs and spending trends

	FINDINGS & OBSERVATIONS	LEADING PRACTICES		IMPLICATIONS <sup>1</sup>
<b>Systems and Integrations</b>	<ul style="list-style-type: none"> <li>Business Manager software manages inserter and tracks postage being applied by Agency or Division</li> <li>Departments billed through IRIS</li> <li>No integration across systems</li> </ul>	<ul style="list-style-type: none"> <li>Postage tracked at most granular level for Department chargebacks</li> <li>Integration with billing system</li> </ul>		<ul style="list-style-type: none"> <li>Business Manager is single point of failure for mail process and rate calculations</li> </ul>
<b>Automation</b>	<ul style="list-style-type: none"> <li>Automated inserting process</li> <li>Manual sorting process</li> </ul>	<ul style="list-style-type: none"> <li>Automation integrated throughout end-to-end process</li> </ul>		<ul style="list-style-type: none"> <li>Process inefficiencies driven by manual sorting</li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>Monthly manual reporting on Department and Division postage use</li> </ul>	<ul style="list-style-type: none"> <li>Real-time and online reporting</li> </ul>		<ul style="list-style-type: none"> <li>Inefficiencies driven by manual reporting process</li> </ul>

[1] Implications may include risks of maintaining status quo, level of effort required to make a change, and benefits of change  
AAPEX Project | Shared Services Current State Assessment

# Voice of the Customer

# Voice of the Customer Methodology

Customer feedback was collected through three channels

## Voice of the Customer

### Focus Groups and Interviews

- **Focus groups** with all State of Alaska Administrative Service Directors, Finance Officers, and Procurement Officers to understand the Department's perspective
- **Interviews** with 83 Shared Services stakeholders to understand challenges and opportunities
- **Process mapping** with Shared Services employees to review current processes

### Executive Interviews

- **Interviews** with the Governor's Cabinet and key Department leaders to obtain perspective on how Shared Services can help support their mission

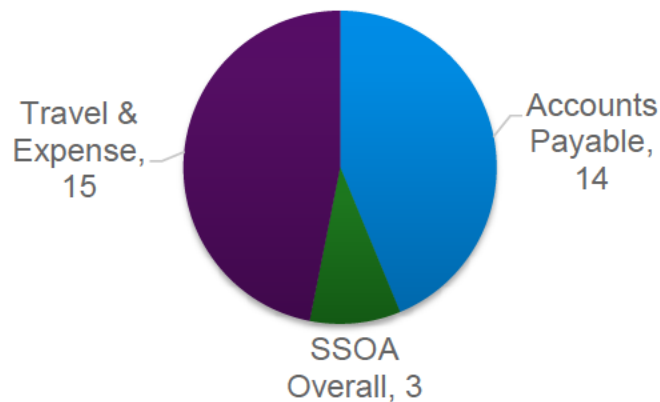
### Customer Survey

- Shared Service Office surveyed existing Department users in October 2019
- A&M Shared Service Assessment Survey sent in December 2019 which received over 75 responses
- A&M State Procurement Officer Group Questionnaire sent in January 2020 which received 10 responses

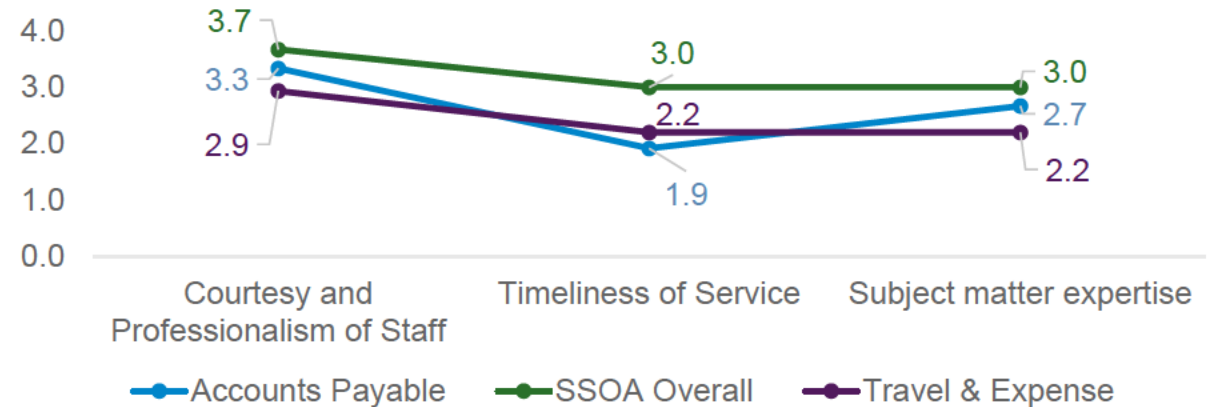
# Shared Services Internal Survey Results

Respondents indicated that although professionalism and customer focus was high, there are many areas in need of improvement

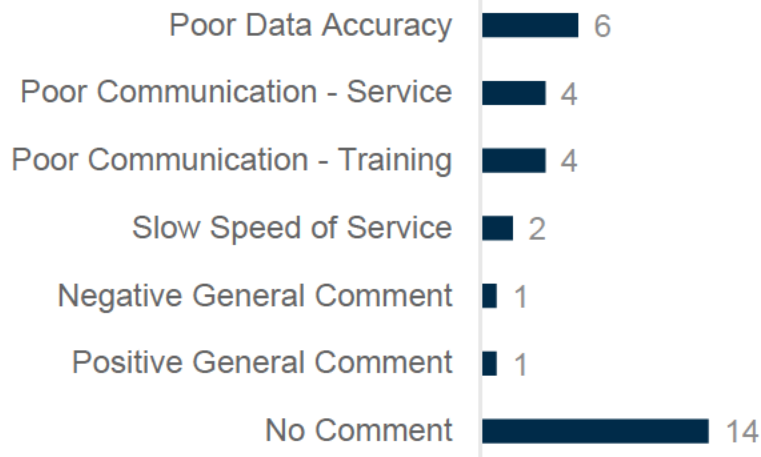
## Responses Captured



## Ratings received (4.0 scale)



## Comment Themes



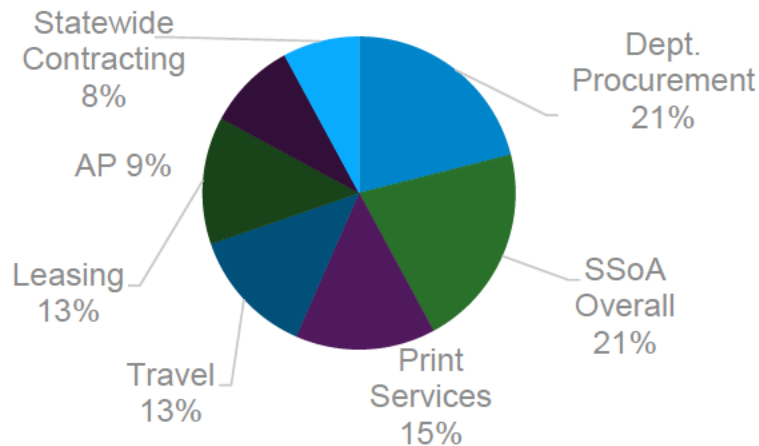
## Key Takeaways from the November 2019 Survey

- Shared Services staff rated very Professional and Customer Focused
- Areas for Improvement:
  - Data entry accuracy
  - Timeliness of service delivery
  - Customer communications
  - SME approachability
  - Training communication

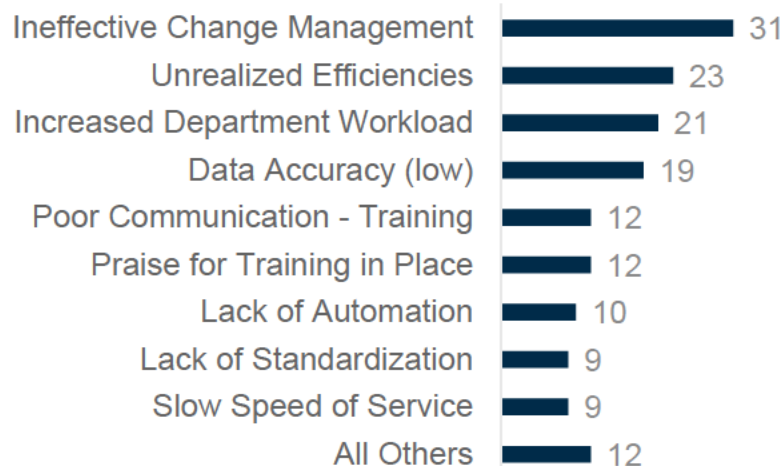
# A&M Survey Results: Summary Results

**Shared Services have improved over the past year; however communications and training continue to be a customer priority**

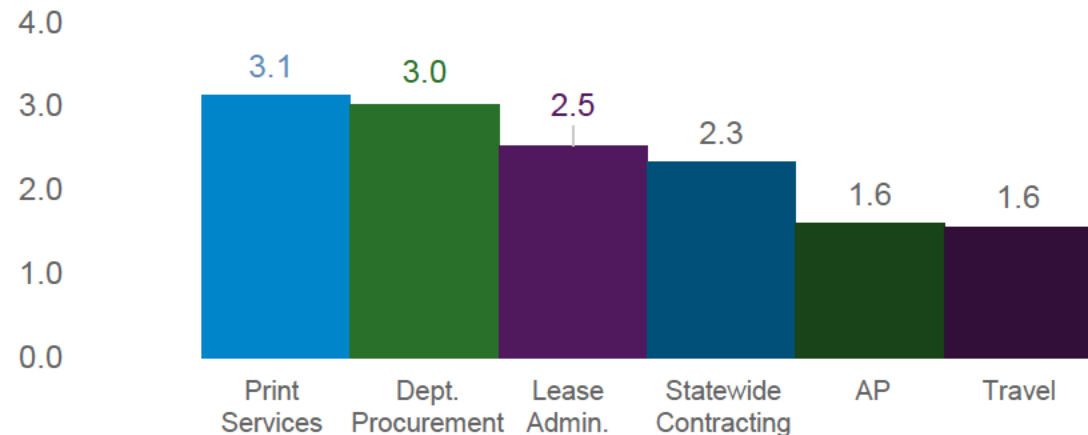
**# Responses Captured: 76**



## Comment Themes



## Overall Satisfaction Ratings (4.0 scale)



## Key Takeaways from the December 2019 Survey

- 69 percent of respondents indicated Shared Services overall has improved over the past year
- Print Services had the highest overall Customer Satisfaction
- Accounts Payable and Travel Expense Reimbursements processing were cited as the areas for greatest improvement
- Communication is a major area of concern, with targeted need for improved customer service, training, and expectations upon consolidation



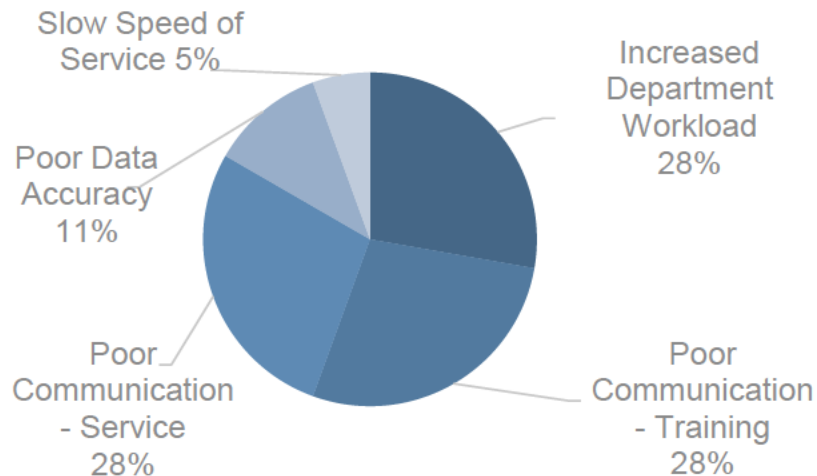
# A&M Survey Results: Customer Service

Departments indicated that workload has not decreased since transitioning to Shared Services

## Customer Service Responses



## Comment Themes



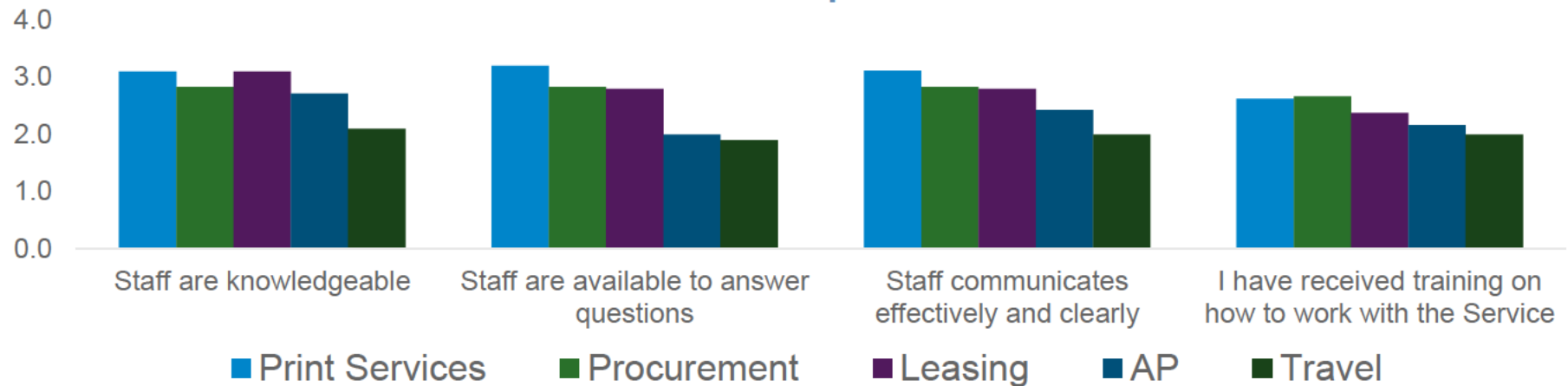
## Key Takeaways from the December 2019 Survey

- Print Services provides quality customer service, but there is not much of a gap to Leasing and Statewide Procurement; overall these three do well
- AP and Travel are lagging the other Services
- Training is a clear opportunity across all Services
- Many Departments are concerned that their workload has not decreased since onboarding with shared services, despite having resources removed

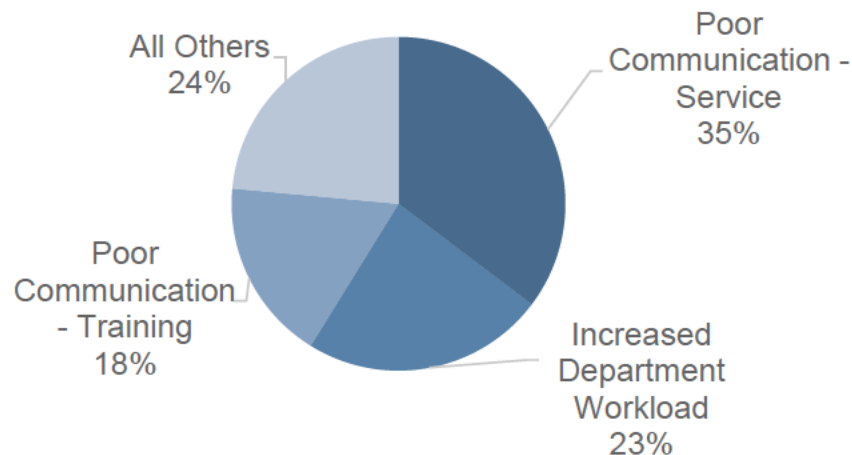
# A&M Survey Results: Processes

Business processes for Shared Services need to address “perceived” increased workflow and duplication of work

## Process Responses



## Comment Themes



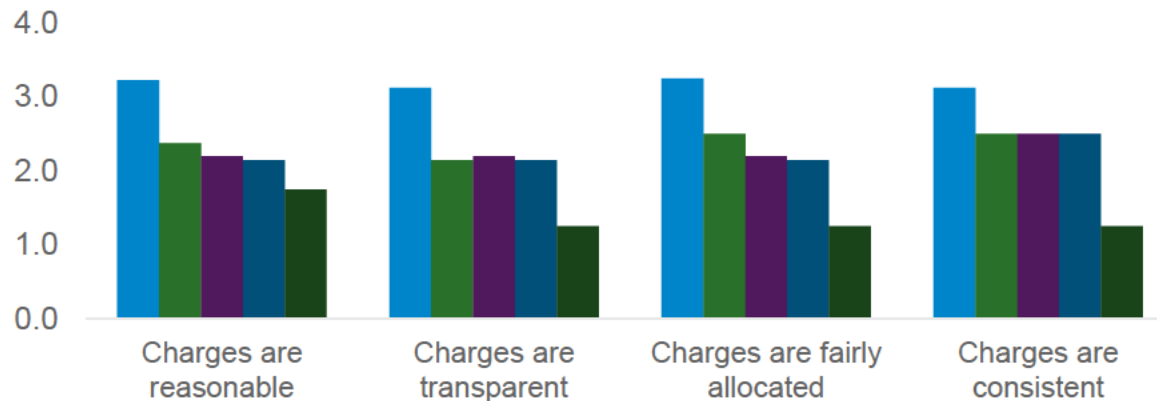
## Key Takeaways from the December 2019 Survey

- Print Services processes were rated the highest with Procurement and Leasing being rated second
- Travel Expense Reimbursement and Accounts Payable were cited needing process refinement with need for improved communication with Departments
- Departments noted that actual AP workload increased after moving to Shared Service model

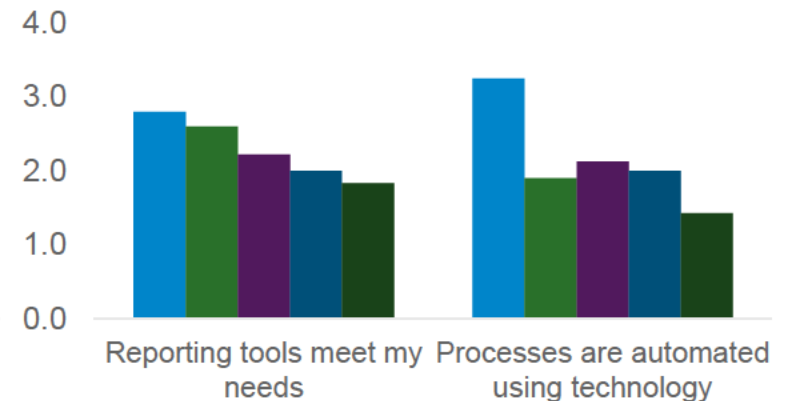
# A&M Survey Results: Technology and Cost

Accounts Payable technology was cited by Departments as the greatest area for improvement

## Cost of Service Responses

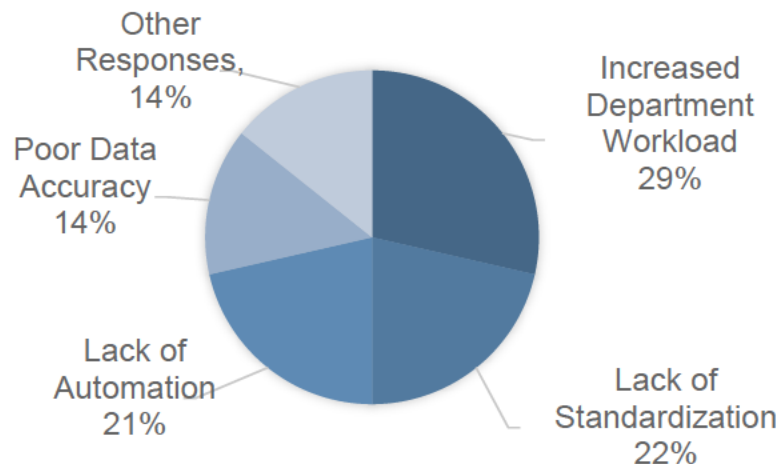


## Technology Responses



■ Print Services ■ Leasing ■ Statewide Contracting ■ Travel ■ AP

## Comment Themes



## Key Takeaways from the December 2019 Survey

- Print Services technology and reporting functionality was rated the highest over all other Shared Services
- Need for automated workflow and improved reporting were key areas for Accounts Payable technology improvement
- Departments noted that actual AP workload increased after moving to Shared Service model

# Procurement: What We Heard

Customers indicated that Procurement has an opportunity to streamline and leverage Statewide spending processes but must maintain Department-specific knowledge

## Customer Service

- Procurement is knowledgeable and consults Departments on difficult procurements
- Additional transparency into what everyone is purchasing would make it easier to collaborate
- Statewide Procurement provides limited Supplier Relationship Management and is only involved when there is a problem
- Shared Services should partner with Departments in procuring goods and services

## Recruitment

- Continued staff vacancies and increased workload for existing staff is due to a limited pool of qualified candidates for Buyers and Procurement Officers
- Job duties and position requirements needs to be reviewed, especially minimum qualifications for Procurement Specialist positions
- Onboarding new Procurement employees is problematic because Departments cannot obtain the training needed for certifications

## System Challenges

- The system and Departments require too many approvers and takes too long
- IRIS is too manual and notifications do not work, so employees have to check to see if transactions are approved

## Opportunities

- Centralized contracting would be helpful for procuring services in rural communities
- Need to standardize procurement processes
- Procurement process should be streamlined
- Statewide procurement should come up with ways to handle common and rare exceptions
- Centralized procurement should retain familiarity with Department-specific services and program needs
- Shared Services needs a vision and long-term plan for consolidation

# Procurement: Feedback on Consolidation

The State has significant opportunities for consolidation, particularly leveraging Statewide spend, however concerns remain on some Department specific procurement

## Benefits

- Consolidation could lead to better pricing through higher volume, particularly for intra-Department purchases (e.g. computers, software, office supplies)
- Efforts to standardize goods and services may result in overall cost savings
- Cross-training and knowledge transfer would likely be enhanced
- Standardized procurement processes could lead to enhanced consistency and increased visibility of Statewide spending data

## Concerns

- Some Departments have special, complex procurements
- Departments lack resources to handle post-procurement contract administration
- Moving procurement staff from Departments may disrupt other functions besides purchasing, such as space planning, equipment installation, and facilities and fleet management
- Prioritization of procurement requests

# Accounts Payables: What We Heard

## System challenges hinder customer service and productivity for Accounts Payables

### Customer Service

- Overall customer service has improved in the last six months
- Added Department onboarding of AP processing would occur if Shared Services can demonstrate they can handle work from larger Agencies
- Department transferred AP positions to Shared Services but still have tasks to complete (e.g., 30 to 90 percent of the work)
- Lack of clarity and understanding of cost of service charges
- Shared Services is not checking invoice approvals for delegation of authority which creates an internal controls risk for the State
- Departments have lost the ability to get our needs prioritized and get things done
- Need for improving timely invoice payments to minimize late fees

### Technology

- Notifications do not work in IRIS so employees don't know when transactions are approved
- Enhance technology to have the same workflow for P-Cards to be used for Accounts Payable
- Communication and data retrieval through the Portal is challenging
- P-Card Processes work extremely well with the automated workflow between IRIS and Shared Services
- Perceived duplication of work of Portal data entry into IRIS between Departments and Shared Services

### Opportunities

- Departments should have authority to enforce timely submission of invoices and p-card receipts
- AP should create a processing unit to handle confidential payments (e.g., child welfare, law enforcement, etc.)
- Create a Confidential unit to handle these transactions



# Travel & Expense: What We Heard

## Unclear processes, roles, and responsibilities limit Department's ability to work with the Travel & Expense Shared Service

### Customer Service

- Shared Services helps enforce State travel policies
- Mixed views from Departments on the value of Travel & Expense being provided and related cost of service
- Consistent concerns on Travel processing error rates and cycle time
- Department indicated they lost positions but not the workload and limited benefits to transitioning travel
- Charges are not cleared fast enough and travelers are not being paid in a reasonable amount of time
- Shared Services staff are too quick to return documents to Departments instead of solving simple problems
- Departments are responsible for data entry in the Portal which is duplicative of Shared Service workload for processing in IRIS
- Lack of transparency in rates and cost of service

### Processes

- There is no process owner and we do not know who to go to
- Processes don't seem to be standardized or streamlined
- Portal is an extra step in the process and we do not have capacity for more work for our staff
- We do not know how to work with Shared Services
- There is no training provided for Departments, Shared Services needs to create a user-friendly training outlining the steps in the travel process.

### Opportunities

- Reporting is limited and not timely – Departments should be able to see more information in real time
- Shared Services should provide transparency in how costs are allocated and how the Cost Recovery Model works

# Collections: What We Heard

**Collections should enhance cost transparency, invest in technology, and maintain communication with Departments to improve customer service**

## Customer Service

- Consolidated collections should be expanded to other State Agencies
- Customer service has improved since early transition period
- There is inconsistent communications about Shared Services-Collections capabilities
- Lack of understanding in what the roles, duties and value of Shared Services-Collections units are
- Inconsistent understanding of value to be provided by Shared Services when Agencies have their own Collections operations

## Technology

- Reporting functionality of the Collection Agency's website is customer friendly and easy to navigate
- Collections does not have any integrated technology tools. Everything is in spreadsheets.
- Shared Services Collections is not leveraging best-in-class industry technology

## Opportunities

- Lack of clarity and understanding out outside Collection Agency cost structure
- Shared Services should create a pool of collections agencies instead of just a single source

# Lease Administration: What We Heard

**Lease Administration should document business processes and improve communications to meet Department's needs**

## Customer Service

- Shared Services - Leasing Office is proactive to discuss lease renewals, provides high level of service and is attentive to property and landlord-based property management issues
- Shared Services and Departments have challenges managing some landlords
- Shared Services-Leasing Communication is inconsistent when dealing with landlord tenant issues
- There is uncertainty around the proper escalation procedure (e.g., should Departments contact the landlord directly or go through my Contracting Officer to report an issue)
- Lack of timely site location for facilities that meet customer needs

## Technology

- Current space allocation worksheets provide value to the Departments to analyze space need
- Shared Services - Leasing Office tracks everything in spreadsheets which seems time consuming
- Inconsistent and lack of timely reporting

## Opportunities

- Facility site visits should happen more for managed leased property
- Business processes should be documented and communicated

# Print Services: What We Heard

**Print Services provides clear reporting and on time delivery throughout the year, but should improve communication with Departments to enhance customer service**

## Customer Service

- Print Services staff provide a reliable service and are customer oriented
- Interagency mail and monthly reporting are always on schedule
- Large mass mailings throughout the year are handled well
- Concerns with vehicle and equipment maintenance issues interfering with key service deliveries (e.g., election equipment)
- Postage reporting provided is easy to understand by Department

## Opportunities

- Departments could make the process easier by weighing and posting mail themselves
- Shared Services should communicate protocol instead of sending packages back to the sender

# Gaps and Observations

# Major Technology and IRIS Processing Challenges

Improvement opportunities exist to address IRIS process and related technology systems

- Lack of standardization creates data quality issues
- Lack of process automation and system integration drives increased cycle time and duplication of work
- System generated reports are not meeting Department needs
- Lack of confidence in financial data and reports
- System functionality is not meeting core Shared Service needs



# Procurement Technology Challenges

## System configuration issues results in limited use of modules and standardized processes

Technology Challenges	Impact
<ul style="list-style-type: none"> <li>Solicitation Response module posts vendor proposals publicly, even if they contain confidential / proprietary information</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload to conduct solicitations outside the system due to limited use of Solicitation Response module</li> </ul>
<ul style="list-style-type: none"> <li>Approval notifications are not automated</li> </ul>	<ul style="list-style-type: none"> <li>Increased cycle time due to manually monitoring of approval status</li> </ul>
<ul style="list-style-type: none"> <li>Contract (CT) documents that are generated from Requisition (RQS) cannot be refreshed and updated</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload to cancel and recreate Contract (CT) documents when financial coding changes</li> <li>Inefficient spending and lack of Statewide consolidated purchasing due to limited use of Requisitions</li> </ul>
Process Challenges	Impact
<ul style="list-style-type: none"> <li>Departments enter contracts into IRIS differently due to lack of standard procedures               <ul style="list-style-type: none"> <li>Departments are not consistent when determining what constitutes a Contract (CT), Master Agreement (MA), or Purchase Order (PO)</li> <li>Lack of consistency when entering Contracts into IRIS or encumbering funds</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Increased workload to manually identify all State contracts</li> <li>Lack of transparency for State contracts due to inability to identify all active contracts in IRIS</li> <li>Violation of Alaska Admin Manual encumbrance threshold (&gt;\$5,000)</li> </ul>
<ul style="list-style-type: none"> <li>Department workflow role assignments are not optimized               <ul style="list-style-type: none"> <li>Cumbersome approval levels by Department (defined by Departments and not standardized)</li> <li>Some Departments attach scanned copies of approval to workflow due to inefficient approval process (duplicate effort)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Increased cycle time for workflows and approvals due to duplication of effort to obtain approvals inside and outside system</li> </ul>

# Accounts Payable Technology Challenges

**Lack of standardized business processes and data accuracy challenges create increased workload for both Shared Service and Department Staff**

Technology Challenges	Impact
<ul style="list-style-type: none"> <li>▪ Cash Disbursement challenges:               <ul style="list-style-type: none"> <li>— Invoice and receipt submission dates are unable to be tracked</li> <li>— Data entry is split over two days for P-card transactions</li> <li>— Budget control is not checked until day two for P-card transactions</li> <li>— P-card charges are consolidated by card number</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Inability to apply 15 day Prompt Pay discounts and limited ability for SSoA to process “First In, First Out”</li> <li>▪ Increased cycle time to process P-cards due to overnight batch processing</li> <li>▪ Increased cycle time to process P-cards due to waiting to identify budget control errors</li> <li>▪ Extra work for multiple AP Techs to work on the same card</li> </ul>
<ul style="list-style-type: none"> <li>▪ Receipts attached in IRIS can be unattached by the system without clear root cause</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased workload to locate documentation</li> <li>▪ Lack of confidence in IRIS financial results</li> </ul>
<ul style="list-style-type: none"> <li>▪ No interfaces between IRIS and AP/Travel portal</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased payables processing time due to manual data transfers (e.g., Departments enter data into AP/Travel portal and same data is manually transferred to IRIS)</li> <li>▪ Increased workload for SSoA to update status in AP/Travel portal based on status in IRIS</li> </ul>
Process Challenges	Impact
<ul style="list-style-type: none"> <li>▪ Lack of standardization in budgeting, cost identification, and reimbursable funding sources</li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased workload to accommodate complex data entry</li> <li>▪ Lack of process standardization creates miscommunication between Department and Accounts Payable Staff</li> </ul>

# Travel and Expense Technology Challenges

**Limited connectivity between systems and data contribute to increased cycle times for Travel and Expense reimbursement**

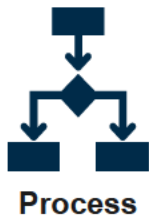
Technology Challenges	Impact
<ul style="list-style-type: none"> <li>SSoA staff reference multiple systems to account for different reimbursement rules</li> </ul>	<ul style="list-style-type: none"> <li>Increased cycle time for reimbursements</li> </ul>
<ul style="list-style-type: none"> <li>No IRIS interfaces for Travel Booking Tool or AP/Travel portal</li> </ul>	<ul style="list-style-type: none"> <li>Increased travel and expense processing time due to manual data transfers (e.g., Departments enter data into AP/Travel portal and same data is manually transferred to IRIS)</li> <li>Increased workload for SSoA to update status in AP/Travel portal based on status in IRIS</li> <li>Increased work for Travelers to collect information from Travel Booking Tool and submit to SSoA</li> </ul>
Process Challenges	Impact
<ul style="list-style-type: none"> <li>Taxable travel is paid via Payroll</li> </ul>	<ul style="list-style-type: none"> <li>Increased cycle time for reimbursements due to extra processes to coordinate with Payroll</li> </ul>

# Reporting and Other Technology Challenges

## Lack of standardization and system configuration contributes to asset reporting issues

Technology Challenges	Impact
<ul style="list-style-type: none"> <li>All contracts are not being managed via leasing software (LMS, LPS) due to limited contract management functionality</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload on Contracting Officers due to manual and spreadsheet-dependent processes</li> </ul>
<ul style="list-style-type: none"> <li>Conversion asset data upload contains errors and missing data fields (e.g., location, notes, PCN assignments)</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload to manually locate assets and update IRIS</li> </ul>
<ul style="list-style-type: none"> <li>ALDER asset reports lack needed data fields (e.g., location, notes, PCN assignments)</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload for manual tracking and workarounds to create asset reports</li> <li>Increased reporting complexity due to Departments using different data fields to record asset information (e.g., location, notes, PCN assignments)</li> </ul>
Process Challenges	Impact
<ul style="list-style-type: none"> <li>Only 60 to 65 percent of assets are tagged, according to SSoA Property Surplus due to lack of process standardization</li> <li>IRIS is not consistently updated when assets are sold or surplus</li> </ul>	<ul style="list-style-type: none"> <li>Increased risk for understatement of assets</li> </ul>
<ul style="list-style-type: none"> <li>System user documentation is limited; staff have limited understanding of ALDER data tables</li> </ul>	<ul style="list-style-type: none"> <li>Increased workload and cycle time to create reports outside system</li> <li>Lack of confidence in data results in ALDER reports</li> </ul>

Standardization of Procurement processes could provide the opportunity to reduce costs, workload, and cycle time



Current State Gaps and Observations		Improvement Opportunities
1	Processes are not standardized across Departments	Standardize processes, forms, etc. across the State to ensure process adherence
2	Admin Fees are determined by vendors	Develop reconciliation process that minimizes under reporting and conflicts of interest
3	Procurement is reactive across Departments	Implement processes to leverage spend forecasts and plan for future purchases
4	RAP requests are submitted without required data	Standardize and automate RAP data submission to minimize returned RAP requests and duplicative work
5	Mandatory Statewide contracts do not always provide best price	Determine qualifying exceptions to mandatory contracts to ensure best prices are utilized
6	Commodity Code process is complex and therefore not used	Streamline and automate purchase coding to increase adaption of Commodity Codes
7	Property purchases are inconsistently recorded and tracked	Mandate and audit property purchase recording and tracking to improve internal controls

Procurement operations should enhance recruiting and hiring processes and improve training of personnel



People

Current State Gaps and Observations		Improvement Opportunities
1	Procurement has a negative customer perception	Develop and execute change management plan including customer education and communication plans
2	Required trainings do not have completion testing	Create and implement testing for procurement training to ensure understanding of training materials
3	Required and applicable skills are not aligned in the hiring process	Align Procurement roles and hiring with required skill sets and certifications
4	Recruitment is difficult due to small applicant pool	Investigate remote working capabilities to expand applicant pool
5	Procurement violations are self-reported and there is a lack of general rule enforcement	Enhance internal controls and quality control of operations through consolidated procurement model
6	Customers do not know the Statewide contracts available to them	Develop and deliver contract availability training to ensure consistent communication with Departments
7	Procurement staff perform procurement training	Re-distribute training task to a dedicated, specialized team to enhance productivity for existing staff



The State should invest in improvements to financial systems to streamline and automate processes



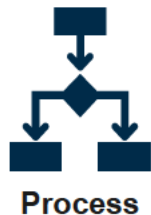
Technology

Current State Gaps and Observations		Improvement Opportunities
1	No Procurement-specific system used	Establish business requirements and implement procurement system to address Shared Services needs
2	There is no centralized database of all State contracts	Create State contract database and develop centralized documentation processes to enhance transparency
3	No e-signatures in use	Implement e-signature tool to reduce cycle time for approvals
4	Spend is not visible across Departments	Implement reporting system to capture and aggregate all spend
5	RFP submittals are visible to all bidders in IRIS	Reconfigure IRIS to hide bids and maintain fairness of RFP submittal process
6	There is no standardization of IRIS input fields	Standardize and regulate data entered into IRIS to prevent manual rework
7	Notifications for actions needed do not exist in IRIS	Automate notices of action items needing attention to reduce approval cycle time
8	Training on IRIS system is outdated and not applicable to current practices (Finance responsibility)	Create and deliver updated IRIS training to enhance user understanding of the system and its requirements

# Gaps and Observations

## *Accounts Payable:* Prioritized Improvement Opportunities

The State should continue consolidation and streamline the intake process to improve payments to vendors



	Current State Gaps and Observations	Improvement Opportunities
1	Consolidation is not complete	Develop timeline for consolidation and continue onboarding Departments into Accounts Payable
2	Prompt Payment Discounts are underutilized	Create centralized invoice receiving process and enhance use of prompt payment discounts
3	There are multiple ways to process payables	Simplify and standardize payables process in IRIS and create documentation to accompany
4	AP does not validate Department invoice approvals	Establish invoice approval validation within AP to enhance quality control and assurance
5	Invoice receiving is decentralized and submission to AP is not timely	Create centralized invoice receiving process to reduce cycle time for receipt to payment process
6	Invoice coding is missing, incorrect, and not standardized	Redesign business processes to leverage IRIS automated workflows and enhance financial coding data entry
7	Inconsistent record retention, duplication of records, and overall data challenges	Develop formal records retention guidelines and procedures to minimize confusion for Departments
8	Troubleshooting and problem solving by staff is inconsistent	Empower AP staff to make corrections and changes as needed to minimize duplicate work and cycle time

# Gaps and Observations

## *Accounts Payable:* Prioritized Improvement Opportunities

The State should invest in system enhancements to address workflow automation and reduce cycle time



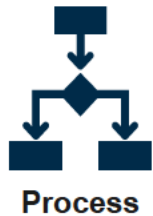
People

Current State Gaps and Observations		Improvement Opportunities
1	Limited staff capacity to meet seasonal demand	Cross-train Travel & Expense staff to increase resiliency for seasonal workload changes
2	Processing is not well understood by Departments	Develop and provide regular customer training programs to educate all staff
1	Workflow for invoice submissions is manual, duplicative, and time consuming	Redesign business processes to leverage IRIS automated workflows and reduce cycle time
2	P-Card processing requires two overnight batch processes	Reconfigure IRIS to streamline P-Card process and reduce overtime work
3	No interface between IRIS and AP Portal leads to duplicative work	Create interfaces between enabling technologies to maximize data visibility
4	ALDER reporting system has complexity and data quality issues which makes reporting time consuming	Develop data analytics program for financial reporting
5	IRIS fund controls are not well understood and inconsistent	Assess IRIS to determine gaps and identify requirements for fund controls



Technology

**Lack of standardized business processes leads to increased cycle time and duplication of work**



Current State Gaps and Observations		Improvement Opportunities
1	Regular and emergency travel approval processes are separate	Streamline regular travel process to align with current State emergency process
2	Reimbursement requirements vary across bargaining units (See Appendix A)	Implement Statewide standard reimbursement policy to enhance consistency across bargaining units
3	Travel advance approval process is time consuming	Consider elimination of process or restrict travel scenarios that allow for advances
4	Employees request electronic funds transfer separately for payroll and travel reimbursements	Develop single electronic funds transfer approval process to minimize duplicate work for Departments and staff
5	Departments are reluctant to centralize travel because of perceived confidentiality concerns	Create confidential unit with Shared Services Travel to address key Department travel needs
6	Inconsistent certification standards and lack of training cause confusion among travel reconcilers	Develop formal certification guidelines and procedures to minimize confusion for staff
7	Reimbursement processes for taxable and non-taxable travel are separate	Review business case for taxable versus non-taxable travel payments

Improved training and workflow automation should increase level of service to customers



### People



### Technology

Current State Gaps and Observations		Improvement Opportunities
1	Training is inconsistent and no formal program exists within Shared Services Travel or for Department users	Develop written and video training materials for internal and Department use and schedule training sessions
2	Shared Services Staff do not always contact appropriate Department resources to resolve open questions / issues	Develop Department-specific communication protocol to reduce confusion and minimize unnecessary work
3	Shared Services Staff lack Departmental expertise	Enhance staff's knowledge of Department services and travel needs, including review of spending plans
1	Reimbursement process is manual and requires reference to multiple systems for employee-specific requirements	Implement automated travel management tool with business intelligence capabilities to streamline approvals
2	Current workflow requires duplicate data entries from Excel travel request form into IRIS	Eliminate Excel form and build travel request fields into Portal; automate data entry from Portal to IRIS with APIs
3	Booking is decentralized and although a common tool exists, booking is still occurring outside of it	Deploy a common travel booking tool Statewide
4	ALDER KPI reports are sent to Departments weekly via email	Enable real-time access to KPI reports to increase transparency and customer service across the State



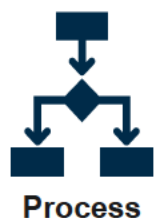
# Gaps and Observations

## *Collections:* Prioritized Improvement Opportunities

Adopting leading practices should significantly enhance revenue recovery

### Current State Gaps and Observations

### Improvement Opportunities



1	Limited scope and capabilities of collections operations	Define internal collection and enforcement plans and audit criteria to enhance collection opportunities
2	Collection practices not standardized across State Agencies	Develop and document Statewide policies on revenue recovery guidelines to standardize practices
3	State does not fully utilize all revenue recovery and offset programs	Implement US Treasury Offset Program, State AP Intercept Programs, and other revenue recovery options
4	Analytical modeling is limited and does not optimize for maximum recoveries	Use cognitive technology to identify high potential collection targets



1	Scope of services for two FTEs and outside consultant are limited	Expand resource responsibilities to manage State and / or Federal Offset Programs
2	Customers desire to use the service, but Shared Services does not have bandwidth to accept them	Realign resources to increase amount of audit and detection capabilities



1	IRIS accounts payable intercept efforts are lacking	Implement intercepting technology within IRIS and local political subdivisions to enhance internal controls
2	Arrears are calculated manually, and stakeholders are not confident in aged AR accuracy	Develop integrated collections platform to eliminate manual and duplicative audit and recovery workload
3	IRIS does not have an interface to revenue recovery collections and requires manual follow ups	Receive aged collections from Collection Agency and Federal and State Offset Programs electronically



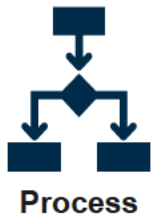
# Gaps and Observations

## *Leasing:* Prioritized Improvement Opportunities

### Implementing Statewide space planning could maximize value of State-owned real estate

#### Current State Gaps and Observations

#### Improvement Opportunities



1	Facilities roles and responsibilities are not well defined between DOA and DOT	Transfer facilities management back within DOA to ensure coordinated Statewide space management
2	Space management assistance is not planned, and provided at request of Departments	Implement Statewide space planning process to maximize value of State-owned buildings
3	Departments can enter into leases under \$50,000	Require leases to be centrally contracted to enhance centralized visibility for all leases
4	Market rate analysis is performed by external real estate brokers	Hire real estate appraiser or leverage technology for independent market rate validation
5	Leasing has no awareness of changes in financial reporting requirements from GASB 87	Review existing State leases to ensure compliance with GASB 87



1	No formal training or onboarding programs for new employees	Develop Contract Officer training program to reduce onboarding time for new staff
2	Roles of Facilities Council (governance committee) is unclear	Define roles, responsibilities, and meeting cadence to improve cooperation and minimize duplicate work



1	LMS system is outdated, information is maintained in Excel spreadsheets and updated manually	Implement contract management software to centralize data management, tracking, and reporting
2	Contract Officers set calendar reminders to reach out to tenants to begin lease renegotiation	Automate workflows to set reminders for key lease milestones

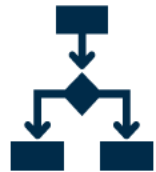
# Gaps and Observations

## *Print Services:* Prioritized Improvement Opportunities

The State has the opportunity to expand services in Anchorage and improve communication with customer Departments

### Current State Gaps and Observations

### Improvement Opportunities



#### Process

1

Print Services (Central Mail) is only provided in Juneau

Explore Central Mail Service Operation service delivery expansion to Anchorage to enhance customer service

2

No standard envelope size or paper stock across the State

Create standards for envelope size and paper stock to maximize consolidated purchasing opportunities

3

Policies and procedures are not well documented

Develop policies on mailing standards (e.g., first class, priority, bulk, next day delivery)



#### People

1

Staff experience inconsistent workload throughout the day

Assess workload and staffing needs for Juneau operation and potential added service efforts

2

No formal training or onboarding programs for new hires

Deploy employee training and safety programs



#### Technology

1

Mail is manually sorted

Analyze business case for leasing sorting machine to maximize overall business value

2

Monthly reporting of Department postage usage is manual

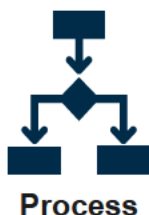
Implement automated reporting tool to minimize time spent on repeat tasks

Shared Services cost recovery methodology should be based on budgeted projections and cover all operating costs (e.g., personnel, contractual services and supplies)

### Current State Gaps and Observations

### Improvement Opportunities

1	Rates are calculated based on prior year actuals, not forecasted budget (See Appendix B)	Build rates based on budget versus prior year actuals to more accurately recover costs
2	Use of Units of Measure for allocating Shared Services cost is limited	Implement usage and consumption-based rates (e.g., per transaction charges)
3	AP and Travel rates are not based on service usage	Implement usage and consumption-based rates (e.g., per transaction charges)
4	One (or more) Reimbursable Service Agreement (RSA) desk in each Department	Consolidate RSAs processing within Shared Services to balance workload and improve efficiency
5	Significant delays in rate approvals (e.g., middle of the fiscal year)	Develop approval timeline and socialize with Departments
6	Not all rates are "trued-up" at year-end	Implement true-ups for all rates to ensure Departments are billed for actual costs incurred
7	Procurement and Collections is not covered by rate	Develop rates for Contracting and Collections based on Department consumption of services
8	Print Services billing frequency is not consistent across Agencies	Establish standardized billing policy and socialize with Agencies
9	Vendor fees are calculated by Vendors	Develop reconciliation process to ensure process fairness and transparency



# Gaps and Observations

## *Cost Recovery:* Prioritized Improvement Opportunities

Shared Services cost recovery rates and methodology needs to be based on budgeted projections and completed earlier in the annual budget process



### People



### Technology

Current State Gaps and Observations		Improvement Opportunities
1	Inconsistent rate development processes and timeliness between Shared Services and OIT	Centralize rate development to a “Center of Excellence” for cost recovery and chargeback activities
2	Shared Services Rate Accountants are not involved in end-to-end rate development	Assign a Shared Services process owner for rate development to enhance accountability
3	Tracking Vendor Fees takes 20 – 30 percent of five FTEs’ time	Remove tracking of Vendor Fee from Contracting responsibilities and dedicate to prioritized workload
1	Rate modeling is not integrated in IRIS or the State’s budgeting system	Identify a cost allocation charge back model for centralized rate development and execution
2	RSAs are spreadsheet-based	Integrate RSA fields into IRIS to minimize manual data manipulation

## Other AAPEX Improvement Opportunities & Initiatives

# Other AAPEX Improvement & Efficiency Opportunities

The State has immediate opportunities for process and efficiency improvements that could reduce costs and increase revenues

Initiative	Opportunity	Impact
<b>Assess IRIS workflows, processes, data integrity, and reporting hurdles</b>  (Outside AAPEX scope)	<ul style="list-style-type: none"> <li>Complete a 90 day assessment of system and business processes, considering:               <ul style="list-style-type: none"> <li>– Data requirements</li> <li>– Reporting needs</li> <li>– Process enhancements</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce cycle time on financial management processes</li> <li>Increase productivity of operations</li> <li>Capture potential operating savings</li> </ul>
<b>Analyze Statewide Purchasing Spend Plan</b>  (Inside AAPEX scope)	<ul style="list-style-type: none"> <li>Complete comprehensive strategic sourcing spend cost study of consolidated purchasing of:               <ul style="list-style-type: none"> <li>– Supplies</li> <li>– Commodities</li> <li>– Services</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce annual spending by approximately \$12 to \$22.5+ million to the General Fund within six months</li> </ul>
<b>Apply Prompt Pay Discounts on State paid invoices</b>  (Inside AAPEX scope)	<ul style="list-style-type: none"> <li>Promote prompt pay discounts through use of workflow automation and data analytics</li> </ul>	<ul style="list-style-type: none"> <li>Enable approximately. \$6 to \$10+ million of savings from 5% discount application</li> <li>Decrease cycle time of AP invoices</li> <li>Improve data analytics</li> </ul>



# Other AAPEX Improvement & Efficiency Opportunities

The State has immediate opportunities for process and efficiency improvements that could reduce costs and increase revenues

Initiative	Opportunity	Impact
<b>Expand Statewide Revenue Recovery Program</b>  (Inside AAPEX scope)	<ul style="list-style-type: none"> <li>Expand scope of the Shared Services Collection function to include all State Agencies and enhanced offset programs</li> </ul>	<ul style="list-style-type: none"> <li>Achieve approx. \$10 to \$12 million in annual revenues to the State due to centralized revenue recovery collections</li> </ul>
<b>Optimize Facilities and Space Usage</b>  (Outside AAPEX scope)	<ul style="list-style-type: none"> <li>Implement revenue enhancement and cost savings efforts to drive operating efficiency:               <ul style="list-style-type: none"> <li>Develop facility plan to monetize real estate assets</li> <li>Develop Public-Private-Partnerships to increase use of State owned land/property</li> <li>Establish Statewide facility use and space utilization plans</li> <li>Consolidate utility metering and audit energy management</li> <li>Examine alternative funding options for deferred maintenance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce operating and capital costs with consolidated facilities management</li> <li>Reduce annual utility and facility maintenance HVAC costs</li> <li>Create Master Facilities Use Plan for Statewide Buildings &amp; Facilities</li> <li>Innovate approach to fund deferred maintenance and capital</li> </ul>

# Other AAPEX Improvement & Efficiency Opportunities

The State has immediate opportunities for process and efficiency improvements that could reduce costs and increase revenues

Initiative	Opportunity	Impact
<b>Automate Timekeeping Operations</b>  (Outside AAPEX scope)	<ul style="list-style-type: none"> <li>Transition from manual to automated timekeeping process</li> </ul>	<ul style="list-style-type: none"> <li>Reduce workload and manual data entry</li> <li>Improve payroll processing time</li> <li>Increase efficiency of data and workload analysis</li> </ul>
<b>Analyze Other Shared Service Opportunities</b>  (Outside AAPEX scope)	<ul style="list-style-type: none"> <li>Examine other central business and financial management operations for the AAPEX Shared Service Model:               <ul style="list-style-type: none"> <li>Centralized Human Resources</li> <li>Use of IRIS modules for hiring and performance evaluations</li> <li>Building Facilities Management with Leasing Management</li> <li>Process Improvement</li> <li>Internal Audit and Performance Improvement</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reduce cost of service</li> <li>Lower workload (manual) tasks</li> <li>Improve customer service and cycle times</li> <li>Centralize policies and procedures</li> </ul>

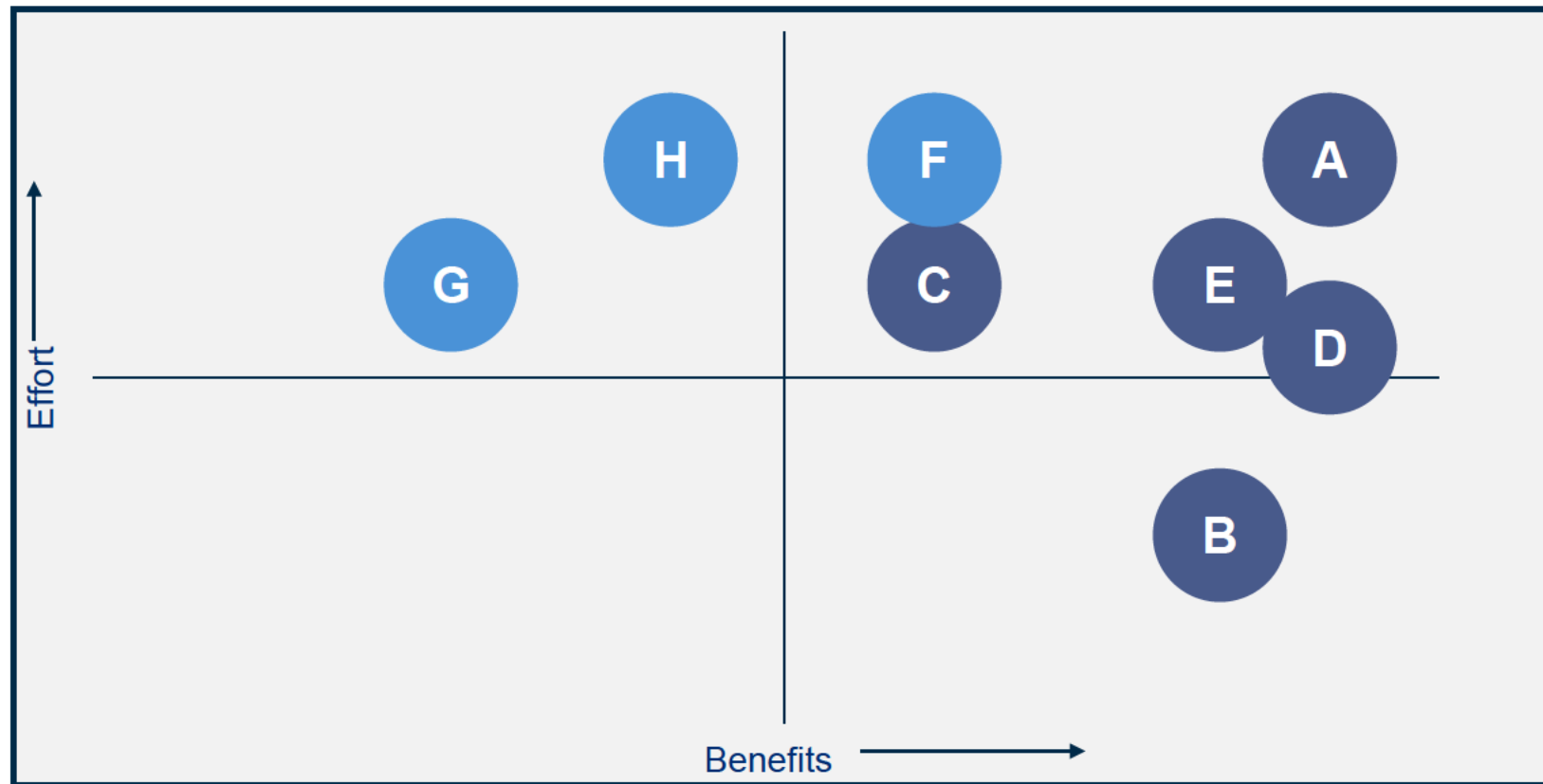
# Other AAPEX Improvement & Efficiency Opportunities

The State has immediate opportunities for process and efficiency improvements that could reduce costs and increase revenues

Initiative	Opportunity	Impact
<b>Enhance Data Analytics and Process Automation for Shared Services and Departments</b>  (Outside AAPEX scope)	<ul style="list-style-type: none"> <li>Establish an 'administrative analytics unit' that will establish:               <ul style="list-style-type: none"> <li>Key performance indicators</li> <li>Standardized processes</li> <li>Improvement opportunities</li> </ul> </li> <li>Test Robotics Process Automation (RPA) technology to automate processes within Shared Services</li> <li>Enable an RPA program / unit across the State, if pilot is successful</li> </ul>	<ul style="list-style-type: none"> <li>Standardize processes and lower operating costs in Shared Services and Departments</li> <li>Monitor performance and address root cause challenges</li> <li>Minimize human intervention for routine processing tasks</li> <li>Lower cost of service</li> <li>Improve customer service and cycle times</li> </ul>

# Prioritized AAPEX Improvement & Efficiency Opportunities

Prioritized efficiency improvements could provide short-term return on investment



## Improvement & Efficiency Opportunities

PRIORITY	A	IRIS Assessment	E	Facilities and Space Optimization
	B	Statewide Purchasing Spend Plan Analysis*	F	Automation of Timekeeping Operations
	C	Prompt Pay Discounts*	G	Other Shared Service Opportunities
	D	Statewide Revenue Recovery Program*	H	Data Analytics and Process Automation

## Definitions

- Effort** accounts for organization scope, business process changes required, number of impacted stakeholders, and complexity of system improvements
- Benefits** include improved reporting, streamlined processes, data quality and availability, accuracy, cost savings, revenue enhancement, and reduced cycle-time

\*In scope for AAPEX project

# Appendix A

# Reimbursement Rules: Travel within Alaska (1 of 2)

Bargaining Unit	M&IE <sup>1</sup> Per Diem		Lodging Per Diem		First and Last Day of Travel	Travel Less Than 24 Hours
	Short-Term (30 days or less)	Long-Term (over 30 days)	Short-Term	Long-Term		
Alaska Correctional Officers Association (ACOA)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Public Employees Association / Supervisory Unit (SU)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Public Employees Association / General Government Unit (GGU)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Vocational Technical Center Teachers' Association (AVTECTA)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Confidential Employees Association (CEA)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Inland boatmen's Union representing the Unlicensed Marine Unit (IBU)	\$60	\$33	Greater of \$95 Peak (May 16 - Sept. 15), \$85 Off-peak (Sept. 16 - May 15) or Actuals		75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours

<sup>1</sup>Meals & Incidental Expenses

Different than AAM guidelines



# Reimbursement Rules: Travel within Alaska (2 of 2)

Bargaining Unit	M&IE <sup>1</sup> Per Diem		Lodging Per Diem		First and Last Day of Travel	Travel Less Than 24 Hours
	Short-Term (30 days or less)	Long-Term (over 30 days)	Short-Term	Long-Term		
International Organization of Masters, Mates, and Pilots (MMP)	\$60	\$33	Greater of \$95 Peak (May 16 - Sept. 15), \$85 Off-peak (Sept. 16 - May 15) or Actuals		75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Labor, Trades, and Craft Unit (LTC)	\$60	\$33	Lodging Allowance in LTC Alaska Lodging Rates by Region Chart or Actuals (with advance approval) or If utilizing a bunkhouse with heat, light, adequate cooking, sleeping and lavatory facilities, members are paid lodging allowance less \$10 or Commuting allowance		For Travel Within Alaska, the Prorated M&IE based on time of travel applies; For Travel Outside of Alaska, 75% of the Daily M&IE Amount	50% of the daily or the prorated meal allowance, whichever is greater and not less than \$30, if more than 10 hours in travel status
Marine Engineer's Beneficial Association (MEBA)	\$60	\$33	Greater of \$95 Peak (May 16 - Sept. 15), \$85 Off-peak (Sept. 16 - May 15) or Actuals		75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Public Safety Employees Association (PSEA)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Teachers' Education Association of Mt. Edgecumbe (TEAME)	\$60	\$33	Actuals or \$30 noncommercial option	\$45 for commercial or \$30 noncommercial option	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours

<sup>1</sup>Meals & Incidental Expenses

Different than AAM guidelines

# Reimbursement Rules: Travel outside Alaska (1 of 2)

Bargaining Unit	M&IE <sup>1</sup> Per Diem		Lodging Per Diem		First and Last Day of Travel	Travel Less Than 24 Hours
	Short-Term (30 days or less)	Long-Term (over 30 days)	Short-Term	Long-Term		
Alaska Correctional Officers Association (ACOA)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Public Employees Association / Supervisory Unit (SU)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Public Employees Association / General Government Unit (GGU)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Alaska Vocational Technical Center Teachers' Association (AVTECTA)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Confidential Employees Association (CEA)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Inland boatmen's Union representing the Unlicensed Marine Unit (IBU)	Federal M&IE rate	55% of federal M&IE rate	Greater of \$95 Peak (May 16 - Sept. 15), \$85 Off-peak (Sept. 16 - May 15) or Actuals		75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours

<sup>1</sup>Meals & Incidental Expenses

Different than AAM guidelines

# Reimbursement Rules: Travel outside Alaska (2 of 2)

Bargaining Unit	M&IE <sup>1</sup> Per Diem		Lodging Per Diem		First and Last Day of Travel	Travel Less Than 24 Hours
	Short-Term (30 days or less)	Long-Term (over 30 days)	Short-Term	Long-Term		
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Labor, Trades, and Craft Unit (LTC)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	For Travel Within Alaska, the Prorated M&IE based on time of travel applies; For Travel Outside of Alaska, 75% of the Daily M&IE Amount	50% of the daily or the prorated meal allowance, whichever is greater and not less than \$30, if more than 10 hours in travel status
Marine Engineer's Beneficial Association (MEBA)	Federal M&IE rate	55% of federal M&IE rate	Greater of \$95 Peak (May 16 - Sept. 15), \$85 Off-peak (Sept. 16 - May 15) or Actuals		75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
Public Safety Employees Association (PSEA)	Federal M&IE rate	55% of federal M&IE rate	Actuals or \$30 noncommercial option	55% of federal lodging rate	75% of the Daily M&IE Amount	75% of the Daily M&IE Amount if more than 12 hours and at least 2 hours longer than normal work hours
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<sup>1</sup>Meals & Incidental Expenses

Different than AAM guidelines

## Appendix B

# Shared Services Cost Recovery Methodology

Service	Rate Component	Costs Included	Allocation Methodology
<b>DOA Procurement</b>	OIT Procurement	Personnel, travel, contractual, commodities	Bill total costs to OIT
	Non-OIT Procurement	Personnel, travel, contractual, commodities	75% prior year contract complexity / 25% based on PCN count

Service	Rate Component	Costs Included	Allocation Methodology
<b>Accounts Payable</b>	PCNs in Year 1 with Shared Services	Personnel	90% of budgeted personnel costs
	PCNs in Year 2 with Shared Services	Personnel	80% of budgeted personnel costs

Service	Rate Component	Costs Included	Allocation Methodology
<b>Travel &amp; Expense</b>	PCNs in Year 1 with Shared Services	Personnel	90% of budgeted personnel costs
	PCNs in Year 2 with Shared Services	Personnel	80% of budgeted personnel costs

Service	Rate Component	Costs Included	Allocation Methodology
<b>Procurement</b>	N/A	Personnel, overhead	Costs recovered by Vendor Fee

Service	Rate Component	Costs Included	Allocation Methodology
<b>Collections</b>	N/A	Personnel, overhead	Costs recovered by Vendor Fee and PFD garnishments


# Shared Services Cost Recovery Methodology

Service	Rate Component	Costs Included	Allocation Methodology
<b>Print Services</b>	Basic Service	Personnel, overhead	Flat fee to all Agency
	Mailstop Service	Personnel, overhead, vehicle	Flat fee per mailstop
	Postage	Postage	Actual postage usage
	Inserters Costs	Maintenance and supply	Percent usage by Agency
	Other Direct Costs	Overtime, warrant stock, other	Actual direct cost by Agency
	Share of All Other Costs	Personnel, other	Share of total postage and inserter costs by Agency

Service	Rate Component	Costs Included	Allocation Methodology
<b>Facilities Management</b>	Maintenance and Operations	Direct costs (e.g., utilities, janitorial)	Actual direct cost by Agency
	Maintenance and Operations	Indirect costs (e.g., personnel, travel, chargebacks)	DOT 11% of actual direct costs by Agency
	Allocations (Complex, Parking)	Personnel, contracts, commodities, travel	Gross square footage (personnel) / usable square footage (contracts, commodities, travel)
	Depreciation	Depreciation of capital projects	Estimated using actuals from two years prior

Service	Rate Component	Costs Included	Allocation Methodology
<b>Leasing</b>	Leases	Direct lease costs paid to lessors	Square footage occupied by Agency, Number of units (e.g., warehouses, parking spaces)
	Lease Administration	Total cost of lease administration (personnel and overhead)	50% prior year actual lease cost / 50% prior year active lease terms



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