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# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street – Room 120  
Concord, New Hampshire 03301

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October 16, 2012

Representative Ken Weyler, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, New Hampshire 03301

His Excellency Governor John H. Lynch  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

### REQUESTED ACTION

1. Pursuant to Chapter 224:85, I Laws of 2011, approval is requested for the Commissioner of the Department of Administrative Services to transfer and reallocate appropriations for personnel from the Departments of Safety and the Department of Administrative Services, with their respective unexpended FY 2013 appropriations in the amount of \$365,070 to the Department of Administrative Services to establish a Shared Services Center for the consolidation of business processing within state government, upon Fiscal Committee and Governor and Executive Council approval for the period effective November 16, 2012 through June 30, 2013.
2. Pursuant to Chapter 224:85, III Laws of 2011, approval is requested for the Commissioner of the Department of Administrative Services to establish the number of total personnel required for business processing functions in the executive branch of state government and to initiate the initial transfer of personnel, along with such items as identified in the law as necessary from their respective agencies, to the Department of Administrative Services to establish a Shared Services Center for the consolidation of business processing within state government upon Governor and Executive Council approval for the period effective November 16, 2012 through June 30, 2013.

Funds are to be transferred from available appropriations into the accounting unit # 014-014-140510-2980 entitled "Shared Services" with the budget to be established for FY 2013 as follows:

<u>Expense Class and Description</u>	<u>FY 2013 Requested Budget</u>
010-500100 Personal Services - Permanent	\$ 184,297
018-500106 Overtime	\$ 5,000
022-500255 Rent & Leases Other than State	\$ 25,000
050-500109 Personal Services - Temporary	\$ 45,230
060-500601 Benefits	\$ 105,543
<b>TOTAL:</b>	<b><u>\$365,070</u></b>

<u>Source of Funds</u>	<u>FY 2013 Requested Budget</u>
101-000000 General Funds	(\$108,061)
017-000000 Highway Funds	(\$103,680)
001-405717 Transfer from Other Agency	(\$ 35,163)
007-407085 Agency Income	(\$118,166)
<b>TOTAL:</b>	<b>(\$365,070)</b>

### EXPLANATION

Chapter 224, Laws of 2011, Section 85, calls for the Commissioner of the Department of Administrative Services (DAS) to achieve efficiencies via consolidation of business processing functions within state government. DAS and the State's consultant for this project, MGT of America, Inc., have worked with multiple agencies to analyze the accounts payable (AP) business process and collaborate on a design for shared services. (Please see attached the final enacted Chapter 224:85 Laws of 2011.)

After consideration of the variety of agency business operations, and the input from agency AP processors, their supervisors, financial managers, and Commissioners, DAS is planning to proceed with a phased implementation of an AP Shared Services Center (AP-SSC) designed to transition standard AP processing functions in state agencies to the AP Shared Services Center starting in mid-November 2012.

With the launch of the AP Shared Services Center for standard back-office processing, agencies will retain control and responsibility for validating their vendor invoices; correctly coding each for budgeting/accounting accuracy, and indicating agency authorization to pay (POA). Agencies will transmit vendor invoices to the AP-SSC for back-office processing, quality control and pre-audit.

The DAS AP-SSC will be responsible for processing transactions received from agencies and for providing customer service to research vendor or project manager inquiries about AP transaction payments. Building on the AP process improvements implemented over the past two years, including the transition to paperless processing, the AP-SSC will further enhance the business process to improve efficiency while freeing State agencies of back-office processing to enable agencies to direct remaining resources to mission-critical functions.

The DAS AP-SSC will implement a statewide system using a multi-phased approach. The phased approach brings in state agencies in steady, manageable increments, to ensure that the AP-SSC has sufficient time to train AP staff on modified procedures and activities, as well as to ensure that the agencies' staff understand and are comfortable using the proposed mechanisms for transmitting invoices into the AP-SSC. This request submitted to the Fiscal Committee and Governor and Executive Council represents the needs for Phase I of the implementation.

DAS will establish a standard service level agreement (SLA) to ensure timely processing and measurement of quality. The SLA will also enable DAS to confirm normal productivity standards and goals. The AP-SSC will offer an SLA that accommodates both routine processing timeframes as well as emergency or rush services. The design will enable the AP-SSC to process invoices timely, efficiently, and with high quality. These criteria will be regularly measured and reported to client agencies.

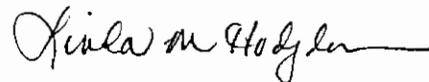
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DAS notes that this request is the first of several that will be made to the Fiscal Committee and Governor and Executive Council, as part of a phased approach to implementing a shared AP services model in the state.

The positions requested below represent the positions requested for transfer into the AP Shared Services Center (AP-SSC) to carry out consolidated AP operations on behalf of state agencies, as well as positions representing potential cost reductions to meet the stated objective of HB 2, to reduce costs for back-office functions in the State by \$1.5 million during Fiscal Years 12 and 13.

Department	Account	Position Title	Position Number	Labor Grade	Available Salary	Benefits	Total
Department of Administrative Services	01-14-14-141510-8000	Accountant I - Vacant	16953	16	\$33,289	\$23,917	\$57,206
Department of Administrative Services	01-14-14-140010-1360	Accounting Technician	9TEMP	12	\$14,694	\$1,124	\$15,818
Department of Administrative Services	01-14-14-140010-1360	Accountant I	10252	16	\$21,698	\$20,628	\$42,326
Department of Administrative Services	01-14-14-141510-2042	Buyer	40970	15	\$21,006	\$14,157	\$35,163
Department of Safety	02-23-23-232015-2310	Accounting Technician - Vacant	10371	12	\$36,066	\$24,470	\$60,536
Department of Safety	02-23-23-231015-2304	Secretary II - Vacant	43363	9	\$27,515	\$13,765	\$41,280
Department of Safety	02-23-23-232015-2310	Accounting Technician - Vacant	43187	12	\$23,468	\$10,965	\$34,433
Department of Safety	02-23-23-232015-2310	Accounting Technician	41993	12	\$19,836	\$8,731	\$28,567
Department of Safety	02-23-23-232015-2310	Accounting Technician	10471	12	\$20,288	\$8,821	\$29,109
Department of Safety	02-23-23-232015-2310	Accounting Technician	10480	12	\$17,197	\$3,435	\$20,632
<b>TOTALS:</b>					<b>\$235,057</b>	<b>\$130,013</b>	<b>\$365,070</b>

Respectfully submitted,



Linda M. Hodgdon  
Commissioner

224:85 Department of Administrative Services; Consolidation of Certain Business Processing Functions.

I. The commissioner of administrative services, with the prior approval of the fiscal committee of the general court and the governor and council, is authorized to make such transfers of appropriation items and changes in allocations of funds available for operational purposes to the department of administrative services, from any other agency, as may be necessary or desirable to effectuate the efficient consolidation of business processing functions within state government. Such business processing functions shall include (i) accounts receivable, (ii) accounts payable, (iii) collection of fines, penalties, fees, restitution, remittances, and other moneys due to the state, and (iv) such other finance and accounting functions and transactions the commissioner of administrative services determines would achieve substantial efficiencies from consolidation.

II. The commissioner of administrative services is authorized to issue a request for proposals or purchases in accordance with RSA 21-I:22 and RSA 21-I:22-a for the services and assistance of a qualified consultant to evaluate and identify opportunities for business processing consolidation in state government and to make recommendations, including for a proposed implementation plan, for consolidation of such functions.

III. The commissioner of administrative services is authorized to establish the number of total personnel required for business processing functions in the executive branch of state government and, with the prior approval of the governor and council, is authorized to eliminate unnecessary positions and to transfer to the department of administrative services any position in another agency identified by the commissioner of administrative services as necessary or desirable to effectuate the efficient consolidation of business processing functions within state government. Such transfers shall include the transfer of all associated books, papers, records, personnel files, and equipment, including but not limited to work station and information technology equipment, and shall include the transfer of any unexpended appropriations for any of the foregoing, as well as any unexpended appropriations for salary/payroll, benefits, support costs, or any other costs associated with the transferred personnel.

IV. The commissioner of administrative services may locate personnel whose positions have been transferred in such work spaces as the commissioner determines will efficiently effectuate the consolidation of business functions. Such work spaces may include either space currently owned or rented by the state, or space which may be rented by the commissioner utilizing amounts which may be saved by the state as the result of the consolidation of human resources and payroll functions.

V. The consolidation of business processing functions shall achieve a savings in the fiscal year ending on June 30, 2012 of no less than \$352,000 in total funds and \$88,000 in general funds, and savings in the fiscal year ending on June 30, 2013 of \$1,000,000 in total funds and \$250,000 in general funds.