STATE OF WASHINGTON

# OFFICE OF FINANCIAL MANAGEMENT

*Insurance Building, PO Box 43113 ● Olympia, Washington 98504-3113 ● (360) 902-0555*

January 29, 2021

**TO:**         Honorable Christine Rolfes, Chair
Honorable Lynda Wilson, Ranking Member
Senate Ways & Means Committee

Honorable Timm Ormsby, Chair
Honorable Drew Stokesbary, Ranking Member
House Appropriations Committee

Honorable Steve Hobbs, Chair
Honorable Curtis King, Ranking Member
Senate Transportation Committee

Honorable Jake Fey, Chair
Honorable Andrew Barkis, Ranking Member
House Transportation Committee

**FROM:**    David Schumacher
Director

**SUBJECT:**    **ONE WASHINGTON'S QUARTERLY REPORT TO LEGISLATIVE FISCAL COMMITTEES (OCTOBER – DECEMBER 2020)**

I am pleased to submit the quarterly report for the One Washington program for the last quarter of 2020.

In December, Governor Inslee sent his proposed 2021-23 budget to the Legislature. It provides $95.3 million in new funding for One Washington to transition the state's Agency Financial Reporting System and related systems to Workday. Besides AFRS, more than two dozen agency administrative and finance systems – including the Washington State Department of Transportation's accounting system – will be replaced during Phase 1 of the project.

Additionally, the governor's proposal includes funding for two partner agencies:

- $9.8 million for resources to support WSDOT's transition from the accounting system, TRAINS, to Workday. Without this funding, WSDOT will be unable to make this transition and would require additional funds to continue in its current separate system.

- $7.4 million for the Department of Enterprise Services to support the state's transition to Workday as a centralized system to track spending of goods and services.

## We completed the following external items this quarter

- We conducted formal negotiations and entered into a contract with Deloitte as the system integrator to build and implement the Workday software solution.

- We presented a revised overall project cost model (what the project may cost over the long term) to legislative staff.

- After receiving stakeholder feedback, we completed a decision package for Phase 1 funding that includes the One Washington Technology Pool and the Agency Organizational Change Management Pool to ensure agencies have the right people, process and technology resources to implement the new system.

- We continued to refine our governance processes (how we make our program decisions for the state). We drafted criteria to prepare the Business Transformation Board to make decisions with the entire state in mind – not just their functional areas or agencies. We began to form the Reporting and Analytical Subcommittee of the Data Governance Advisory Committee. And, we are using decision-making methodology that we call our governance Responsible Accountable Consulted Informed matrix. This ensures we will make decisions at the right level of governance, with the right expertise at the right time.

- We completed the OCM Capability Plan. This will help agencies build their own agency capability and leaders as they undergo these changes.

## How we engaged with Washington Technology Solutions

- We conducted multiple meetings from May through December with the Office of the Chief Information Officer and OFM Budget to discuss the technology budgets (the detailed spreadsheets of every deliverable) and associated investment plans. **We are currently waiting to hear back from OCIO on next steps:**

  o We submitted the Phase 1A: Core Financials Subproject Investment Plan on July 21 and OCIO approved it on August 8. On September 16, we submitted the Phase 1A: Core Financials Subproject Technology Budget to the OCIO and OFM Budget. We revised and resubmitted the technology budget on September 29 and November 4, and OCIO approved it on December 11.

  o On October 1, we submitted the Phase 1b: Expanded Financials and Procurement Subproject Technology Budget to OCIO and OFM Budget. We revised and resubmitted the technology budget on November 25, and OCIO approved it on December 11. We submitted the associated investment plan on December 17.

  o On October 6, we submitted the Phase 2: Human Resources and Payroll and Phase 3: Budget Technology Budgets to OCIO and OFM Budget. OCIO approved it on December 21. We submitted the associated investment plans on December 18.

  o The program was on track to complete all Gate 4 deliverables by the end of 2020.

- We continued to collaborate with OCIO to refine the agency information technology request process. This will limit the potential for duplicate spending across agencies.

- We collaborated with OCIO to collect feedback and make improvements to the OCM agency readiness approach.

- We finalized the list of OCIO and Office of Cybersecurity policies potentially impacted by the Workday implementation. We also consolidated the OCIO and OCS finance and procurement

RCWs, WACs and policy identification lists into a single, comprehensive list. This offers agencies (and the state as a whole) a more efficient way forward.

- We started to incorporate how and when to make policy changes to the project timeline. This helps ensure that policy changes align with our Workday implementation timeline.

- We have come to an agreement with WaTech about the data sharing agreement. The agreement fosters collaboration and establishes rules for sharing sensitive, third-party data/information with WaTech.

- We continued discussions with key stakeholders to ensure we have the technical strategy for the software to work. We collaborated with WaTech (OCS, OCIO and the infrastructure teams), WSDOT and DES to make sure we could meet stakeholder needs. This ensures we have clear decision-making to prepare the state for upcoming technical and business changes.

- We continued weekly meetings with the technical project managers from WaTech, OFM IT and WaTech's Cloud Highway to discuss how we can put the technical strategies listed in the previous bullet in place.

- We worked with OCIO on the One Washington Technology Pool and the Agency OCM Readiness Pool. This helps us better align with the process of how the state normally operates funding pools.

- We published monthly status reports, monthly quality assurance responses, and deliverables to the OCIO dashboard.

## How we connected to other agencies

- We continued to conduct deep dive meetings with agencies to discuss program milestones and readiness activities. These meetings provide agency leadership and subject matter experts with an understanding of the people, process, and technology readiness activities they must complete in the coming months as the program moves forward to Phase 1 implementation. We met with these agencies this quarter:
    - Washington State Patrol
    - LEG-TECH (Legislative Support Center)
    - Legislative Evaluation and Accountability Program Committee
    - Department of Social & Health Services
    - Department of Labor & Industries
    - Department of Enterprise Services
    - WaTech
    - Department of Revenue
    - Department of Natural Resources
    - Workforce Training and Education Coordinating Board
    - Recreation and Conservation Office
    - Office of Financial Management

- o Department of Corrections
- o Department of Services for the Blind
- o Office of Minority and Women's Business Enterprises
- o State Parks and Recreation Commission
- o Arts Commission
- o Department of Licensing
- o Office of the State Treasurer
- o Department of Fish and Wildlife
- o Utilities and Transportation Commission
- o State Investment Board
- o Department of Ecology
- o Department of Commerce

- We continued to engage with the WSDOT to make sure we have a workable plan in place to replace TRAINS, WSDOT's 30-year-old financial system, before the current maintenance agreement expires in June 2023.

  - o We are developing an interagency agreement with WSDOT to align their activities (specifically, WSDOT's Propel subproject) with our Workday implementation activities. This agreement includes a clearly defined scope of work, deliverables by gate, roles and responsibilities, governance structure and decision-making process. This ensures that WSDOT and our program will move forward together.

  - o We hosted a WSDOT collaboration meeting that served as the kick-off for biweekly workshops to discuss technical readiness, financial readiness, OCM and shared project risks and issues.

- We worked closely with DES, recognizing its significant role as the state's procurement business owner, to develop an estimate of the additional resources it will need to continue day-to-day operations while also supporting the implementation of One Washington.

- We engaged stakeholders in affected business groups (human resources, payroll, budget, finance and procurement) to inform them of the change and workload that lies ahead.

- We developed and distributed a grants management survey to agencies. In the future, Workday will offer a way for agencies to manage their grants — something new for our state. This survey will help agencies and the program prepare to use that function.

- We developed and distributed a reporting and analytics survey to agencies. This will ensure the new system has what agencies need to meet their current and future reporting requirements and business needs.

- We developed and distributed a connectivity/networking survey to agencies. This will ensure agencies are able to successfully connect and network between their line-of-business systems to Workday.

- We continued to collaborate with OFM Statewide Accounting during agency partner meetings. We discussed how agencies can best retire old codes (AFRS index codes) and clean up their data for the new system. We met with 39 agencies to discuss their plans for index code cleanup before we replace AFRS. This ensures agencies will be ready to input good data into Workday.

- We completed new and ongoing communication products, including a monthly newsletter and monthly agency points-of-contact talking points. We track this on our OCM team's Communication Dashboard for timeliness, effectiveness and continuous improvement. This keeps our numerous stakeholders informed.

- We continued collecting data around agency systems and how many connections, or interfaces, they need to connect to Workday. We also began working with agencies to assist them in getting ready to convert and migrate their data from their old systems to Workday. This helps agencies effectively move their data when the time comes.

- We distributed an agency points-of-contact survey this summer to assess how COVID-19 impacted agencies' OCM capability and capacity since the Baseline Readiness Assessment in 2019. The results indicated that both agency OCM capability and capacity decreased over the past year. We used this information to outline a strategy for building OCM capacity using the Agency OCM Funding Pool (requested in the One Washington decision package). We also created the OCM Capability Plan to help agencies leverage existing resources within their agencies. This means we are helping agencies use existing staff, when staff is available, to learn how to do OCM.

- We implemented an Agency Support Team Network at each agency. These groups consist of designated people who can lead OCM changes, engagement and planning at their agencies. These groups can talk to us to get OCM support. We conducted an AST Town Hall to help these groups structure their AST Network. We also started to develop an agency readiness checklist. Agencies will begin using this checklist in January to track program requests for people, process and technology readiness activities.

Other stakeholder engagements included:

- Held a program update session for legislative staff.

- Held a work session with legislative staff, OFM Statewide Accounting and OFM Budget to address how to best fund One Washington. This focused on potential fund sources.

- Presented the One Washington program at a keynote address at the 2020 Washington State Lean Transformation Conference, which 3,774 public and private sector Lean and continuous improvement partners attended.

- Presented an update on the One Washington program for the Health and Human Services Coalition Enterprise Steering Committee Meeting.

- Held the first "Tech Talk Live!" session.

- Briefed the Technology Services Board.

- Held monthly interagency workshops with WaTech, OCIO and DES IT leaders.

- Conducted meetings with agency technical teams to go over their current agency systems, data, and interfaces, as well as agency-specific questions and issues.

- Conducted ad-hoc conversations almost daily with agencies' technical teams to address agency-specific needs, issues and concerns.

- Hosted three agency points-of-contact update sessions.

- Briefed the Executive Cabinet deputy directors.

- Briefed the Governor's newly appointed chief of staff.

## What we completed internally this quarter

- We met with the OFM State Human Resources Labor Relations unit and began work on the schedule and content for collective bargaining training for the program team.

- We hired a technical lead, a project coordinator and ten financial team members that we need for implementation.

- We continued work on data conversion, governance and integration.

- We provided access to on-demand Workday training for Phase 1A project participants, including program staff and key stakeholders.

- We completed the research and began planning the cleanup and creation of a standard chart of accounts so that agencies will label their financial information the same way.  This foundational work will help financial decision-makers compare "apples to apples" across the state.

- We are finalizing the program readiness materials to prepare for onboarding the system integrator. We set up a library to house these materials and will continue adding to it. This foundational work moves the program into the implementation phase.

- We began implementing the OCM High Impact Agency Strategy (previously called the OCM High Touch Agency Strategy) to help us proactively engage with agencies that may have more complexities at various points in the project.  We met with WSDOT and DES.  High-impact agencies will need more of this type of support and engagement as time goes on.

- We prepared for the arrival of the system integrator.

  o We finalized the current-state to future-state business process map tool.  This summarizes enterprise workflows and will help expedite onboarding of the system integrator.

  o We met with WaTech, OFM IT and OCS regarding SharePoint access to our system integrator partner.  This will help us work and collaborate with the system integrator.

- We developed an updated technical project schedule.

- We continued cleanup efforts on the current SharePoint environment.  This will prepare us to migrate to SharePoint Online.

- We conducted an internal program review of the quality, schedule, vendor, change management and risk and issue management plans.  We updated the resource management plan.

- We conducted an internal review of the OCM deliverable Quality Metrics to determine which measures we are currently tracking, how they're being used and reported, and which measures are still pending implementation.

- We began work with WaTech and OFM Communications to design and develop a new One Washington website.

- We worked with our Deloitte partners to create a One Washington brand guide that will be used for branding the new website, Workday solution and outgoing program communications.

## How we plan to use our funding to deliver value for the state

The attachment outlines how we have used our funding to deliver value for the quarter. This includes:

- Next quarter's projected spend.

- List of agencies that received OCM work from the IT Investment Pool.

- List of quantifiable deliverables and the related expenditures.

## Questions?

For more information, please contact:

Matthew Meacham | 360-763-2444 | matthew.meacham@ofm.wa.gov
*One Washington Program Director*

Doug Vaughn | 360-705-7401 | vaughnd@wsdot.wa.gov
*WSDOT Chief Financial Officer*

Attachment

cc:  Michael Bezanson, Coordinator, Senate Ways & Means Committee
Charlie Gavigan, Coordinator, House Appropriations Committee
Kelly Simpson, Coordinator, Senate Transportation Committee
Mark Matteson, Coordinator, House Transportation Committee
Susan Howson, Administrator, Legislative Evaluation and Accountability Program Committee
James Weaver, Director and State CIO, Consolidated Technology Services
Chris Liu, Director, Department of Enterprise Services
Roger Millar, Secretary, WSDOT
Keith Metcalf, Deputy Secretary, WSDOT
Doug Vaughn, Chief Financial Officer, WSDOT
Pat Lashway, Deputy Director, OFM
Vann Smiley, One Washington Executive Director, OFM