



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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February 1, 2019

TO: Honorable Christine Rolfes, Chair
Honorable John Braun, 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 QUARTERLY REPORT TO LEGISLATIVE FISCAL COMMITTEES (OCTOBER - DECEMBER 2018)

Pursuant to the 2017-19 operating and transportation budgets, I am transmitting the sixth quarterly report on One Washington's work covering the time period referenced above.

Background. The state's core business systems, including accounting, budget, human resources and payroll are aging and do not provide the modern management tools necessary for an enterprise the size of Washington state government. Additionally, the state struggles to leverage purchasing efficiencies and aspects of vendor management in the absence of an enterprise procurement system.

Since 2013, the state has been laying the foundation for modernizing its core business functions and practices. The state faces significant risk in meeting operational and financial obligations if we do not take action in the near term, and the One Washington program is responsible for leading this business transformation effort for the Legislature, courts, agencies, political subdivisions, higher education and vendor partners. The program is preparing to procure broad ranging expertise in the 2019-21 biennium.

Program changes. In the months leading up to the fourth quarter, the program's quality assurance vendor had begun to identify risks based on:

- Program funding and state budget considerations
- Discovery that agency readiness would require significantly more time and resources than originally planned
- Program staffing level



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- Need for expertise in the procurement of new technology services
- Organizational change management at scale

In November 2018, given the above risks, the One Washington executive steering committee directed a reset of the program to:

- Redesign the schedule to bring agency readiness and transformation activities to the front, expand the timeline for agency preparedness and move implementation to the following biennium.
- Select a solution vendor whose product will meet the state's needs across all four business lines of accounting, budget, finance, human resources/payroll and procurement.
- Develop a staffing model that adequately addresses the program's needs through the new phasing.
- Conduct procurements to acquire the following expertise:
 - Organizational change management expertise
 - An enterprise resource planning (ERP) procurement expert
 - An ERP implementation expert
 - Technical expertise
 - A business process benchmarking study
 - An assistant attorney general with ERP contract model expertise

To ensure the success of the reset, the program staff structure was changed, including the hiring of an executive director, Vann Smiley, in December. His roles and responsibilities include:

- Financial stewardship
- Executing the executive steering committee's vision and direction
- Developing the One Washington team
- Legislative relations

Business requirement workshops. One Washington accomplished a significant achievement concerning business requirements. We held 23 workshops in October/November involving more than 400 staff from 55 agencies, and documented approximately 2,600 common and unique business requirements for finance and procurement. State business specialists played a vital role in this process.

2019-21 budget request. In addition to developing a budget request for One Washington, 30 agencies submitted budget requests for the next biennium to provide change management and perform IT work in order to fully participate in the program. Program and agency requests were consolidated into a single item in the Governor's proposed budget. Agency readiness funds would be appropriated in a pool. An administration and communications plan is being developed for that pool.

WSDOT readiness. Through the WSDOT and OFM interagency agreement, the following work was conducted during this quarter:

- Surveys to analyze awareness of the coming process/system changes
- Impact analysis for key financial reporting systems (in process)
- Onboarding of project manager and business analyst for replacing the Capital Program Management System

For more information, please contact Matthew Meacham, One Washington Program Director, at 360-763-2444 or matthew.meacham@ofm.wa.gov, or Doug Vaughn, WSDOT Chief Financial Officer, at 360-705-7401 or vaughnd@wsdot.wa.gov.