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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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January 10, 2013

The Honorable Mary Jane Wallner, Chairman  
Fiscal Committee of the General Court  
State House  
Concord, New Hampshire 03301

Her Excellency, Governor Margaret Wood Hassan  
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 Department of Justice (DOJ), Department of Employment Security (NHES), Department of Fish and Game (F&G), the Department of Resources and Economic Development (DRED), the Department of Education (DOE), and the Department of Corrections (DOC) with their respective unexpended FY 2013 appropriations in the amount of \$468,955 to the consolidation 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 effective February 08, 2013 through June 30, 2013. **Estimated 58.46% General Funds, 18.77% Federal Funds, 4.56% Fish & Game Funds, 18.22% Other income:**
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 February 08, 2013 through June 30, 2013.

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

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| Class                     | Description                   | Current SFY<br>2013 Adj.<br>Authorized | Requested<br>Action | Revised SFY 2013<br>Adj. Authorized |
|---------------------------|-------------------------------|--|---------------------|-------------------------------------|
| 010 -<br>500100           | Personal Services - Permanent | 184,297                                | 254,228             | 438,525                             |
| 018 -<br>500106           | Overtime                      | 5,000                                  | -                   | 5,000                               |
| 022 -<br>500242           | Rents                         | 25,000                                 | -                   | 25,000                              |
| 050 -<br>500109           | Personal Services - Temporary | 45,230                                 | 3,057               | 48,287                              |
| 060 -<br>500601           | Benefits                      | 105,543                                | 211,670             | 317,213                             |
| <b>Total Expenditures</b> |                               | <b>365,070</b>                         | <b>468,955</b>      | <b>834,025</b>                      |
| 000 -<br>400388           | Federal Funds                 | -                                      | (88,036)            | (88,036)                            |
| 001-<br>405717            | Transfer from Other Agency    | (35,163)                               | (85,422)            | (120,585)                           |
| 009 -<br>407085           | Agency Income                 | (173,138)                              | -                   | (173,138)                           |
| 010 -<br>000010           | General Funds                 | (108,061)                              | (274,136)           | (382,197)                           |
| 015 -<br>000015           | Highway Funds                 | (48,708)                               | -                   | (48,708)                            |
| 020 -<br>000020           | Fish & Game Funds             | -                                      | (21,361)            | (21,361)                            |
| <b>Total Revenue</b>      |                               | <b>(365,070)</b>                       | <b>(468,955)</b>    | <b>(834,025)</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 has proceeded 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.

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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.

DAS will establish a standard Service Level Agreement (SLA) to ensure timely processing and measurement of quality. The SLA will also enable DAS to conform 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.

DAS notes that this request is the second of several that will be made to the Governor and Executive Council, as part of a phased approach to implementing a shared AP services model in the state. The initial request was approved by Fiscal Committee on November 8, 2012 item # FIS 12-336 and approved by Governor and Executive Council on November 14, 2012 item # 9.

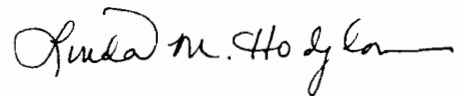
The positions requested below represent the positions requested for transfer into the AP Shared Services Center (AP-SSC) to carry out consolidated AP operations on behalf of state agencies, as well as positions representing potential cost reductions to meet the stated objective of HB 2, to reduce costs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

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| Dept           | Account Unit         | Position Title        | Position Number | Labor Grade | Salary           | Available Benefits | Total            |
|----------------|----------------------|-----------------------|-----------------|-------------|------------------|--------------------|------------------|
| DOJ            | 02-20-20-200010-2601 | Accounting Technician | 18029           | 12          | \$11,212         | \$13,160           | \$24,372         |
| NHES           | 01-27-27-270010-8040 | Accounting Technician | 40480           | 12          | \$11,141         | \$0                | \$11,141         |
| NHES           | 01-27-27-270010-8040 | Secretary II          | 42586           | 9           | \$25,400         | \$22,346           | \$47,746         |
| F&G            | 03-75-75-750520-2110 | Sr Accting Technician | 13910           | 14          | \$12,126         | \$9,235            | \$21,361         |
| DRED           | 03-35-35-350010-3400 | Sr Accting Technician | 40048           | 14          | \$10,394         | \$12,995           | \$23,389         |
| DRED           | 03-35-35-350010-3400 | Accounting Technician | 9TEMP           | 12          | \$3,057          | \$214              | \$3,271          |
| DOE            | 06-56-56-560510-6002 | Accountant II         | 13185           | 18          | \$13,219         | \$13,623           | \$26,842         |
| DOE            | 06-56-56-564010-3002 | Account Clerk III     | 13295           | 9           | \$25,400         | \$22,346           | \$47,746         |
| DOE            | 06-56-56-560510-6002 | Accounting Technician | 13150           | 12          | \$35,466         | \$24,350           | \$59,816         |
| DOC            | 02-46-46-460010-8300 | Business Admin IV     | 12863           | 29          | \$21,041         | \$10,918           | \$31,959         |
| DOC            | 02-46-46-460010-8300 | Accountant I          | 41519           | 16          | \$29,120         | \$31,991           | \$61,111         |
| DOC            | 02-46-46-460010-8300 | Accounting Technician | 42267           | 12          | \$30,888         | \$14,437           | \$45,325         |
| DOC            | 02-46-46-462010-5731 | Accounting Clerk III  | 12969           | 9           | \$28,821         | \$36,055           | \$64,876         |
| <b>TOTALS:</b> |                      |                       |                 |             | <b>\$257,285</b> | <b>\$211,670</b>   | <b>\$468,955</b> |

Respectfully submitted,



Linda M Hodgdon  
Commissioner

Attachment  
LMH/ecl