

Appendix B

Budget Business Area



King County, State of Washington

Quantifiable Business Case

Focus Group 1



Focus Group: Operating Budget

Date: February 11, 2004

Time: 1:30 PM to 4:30 PM

Location: Public Health Orca

Agenda



- I. Introduction**
- II. Business Processes Review**
- III. Performance Measures Review**
- IV. Critical Success Factors**
- V. Next Steps**

I. Introduction



A. Project Definition

The purpose of this project is to provide King County with a quantifiable business case which justifies replacing or improving the county's current budget, financials, human resources and payroll operations model and the array of distributed systems and the business practices that support them.

B. Business Function Definitions

1. Budget Development

The budget development process for operating budgets is the process through which the budgets for the year are requested, analyzed, and approved. The operating budget includes expenditures for personnel, supplies, and services needed to operate the county's programs.

2. Budget Maintenance

The budget maintenance process includes development of the quarterly ordinance for omnibus budget (supplemental budgets). It also includes the annual rollover of budget dollars to support open encumbrances.

C. Focus Group Approach

II. Business Process Review



A. Definitions and Terminology

- **Business Function** – Refers to a high level grouping of business processes designed to meet a specific business objective. The financial functional areas covered by this project are:
 - Budget Preparation
 - Budget Processing
 - Budget Revisions
 - Budget Analysis including capability to distinguish between local and countywide
 - Budget Reporting, including variance reporting and historical analysis
- **Business Process** – A discrete set of activities within a functional area. For example, business processes related to the General Ledger function include Set up and Maintain Chart of Accounts, Process Manual Transactions, etc.
- **Operations Model** – The operations model for both business and technical includes the following:
 - Integrated business process model and work flow addressing how all functions work together.
 - Roles, Responsibilities, and Authority for each identified business area/function and for integrated business operations.
 - Organizational structure (including Span of control, Staffing models, Staffing levels).

B. Confirmation of Current Business Processes

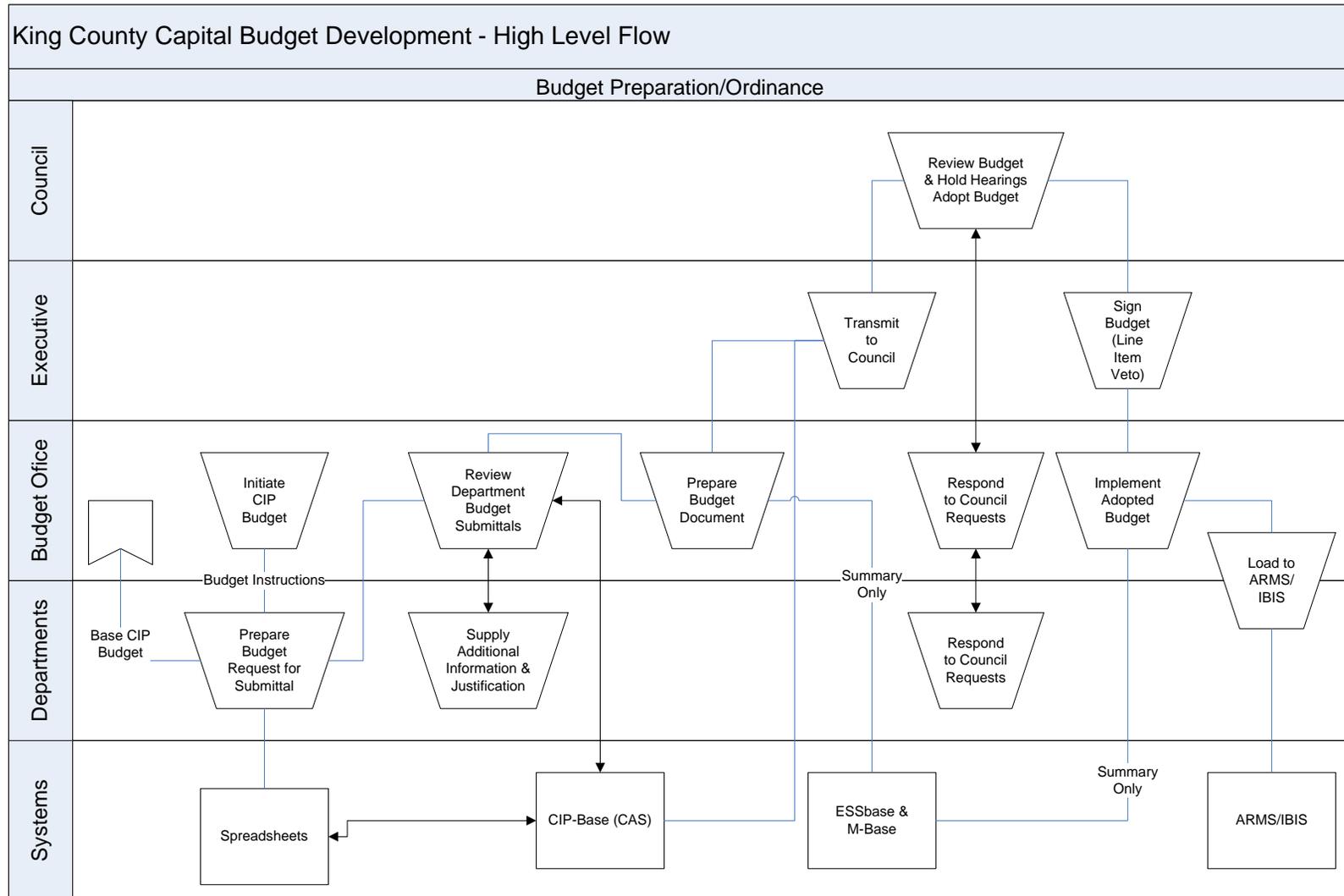
1. Operating Budget Development Function

Function Goal

- Resource allocation decisions.
- Get legislation passed for spending authority.

- Provide support for policy direction.
- Incremental in nature for base budget. Balancing need against available resources.
- Allocating operating versus capital moneys. Reach optimal solutions.
- Forecasting tool for revenues, predict politics, strategic tool.
- Forcing multiple year thinking.
- Analysis to what if.
- Balance competing needs.
- Provides tool for accomplishing mission and goals – fund service delivery.
- Evaluating management of agencies – management tool.
- Education tool – internal and external.
- Provides accountability to the public.

Budget Development High Level Flow



Operating Budget Development Current Business Function Flow

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Strategic Planning & Financial Forecasting	<ul style="list-style-type: none"> • Economic assumptions • Prior year balances • Known revenue changes • Other potential significant influences. • Salary & benefit assumptions. • Central rate assumptions. • Guidelines, policy, goals • Business Plan (at department & division level). 	<ul style="list-style-type: none"> • Preliminary financial plan for each fund • Preliminary deficit for CX • Targeted reductions 	<ul style="list-style-type: none"> • Crystal ball • Evaluate range of possibilities based on known factors. 	<ul style="list-style-type: none"> • Budget office for CX • Departments/Division for special revenue and enterprise, internal services. 	<ul style="list-style-type: none"> • Feb - March 	<ul style="list-style-type: none"> • County is trying to integrate business planning and budgeting – growing into it, not there yet. • Developing internal service rates is a challenge. Rates may not generate enough to give the needed level of service. • Financial crisis – BSQ – theoretical tools for balancing – CX & internal service. • Delays in forecasting because final YE balances are needed.
Prepare Preliminary Status Quo (PSQ) budget	<ul style="list-style-type: none"> • ARMS position control for labor • Prior year budget for service & supplies • IBIS labor • Transit & Wastewater PONS files • Preliminary financial plan for each fund • Preliminary deficit for CX • Targeted reductions 	<ul style="list-style-type: none"> • PSQ budget • Budget Instructions • Preliminary financial plans • Formal targets • Executive policy directions (funding level targets) 	<ul style="list-style-type: none"> • Create in Essbase 	<ul style="list-style-type: none"> • Budget Office CX • Departments do it for other funds 		<ul style="list-style-type: none"> • Budget is focused on Organization. Moving to programmatic (still within the department). • What services are provided by geographical base? – The system does not support this view. • Need other slices of information • Mandatory & discretionary revenue and

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Prepare Budget request for Submittal	<ul style="list-style-type: none"> • PSQ budget • Budget Instructions • Preliminary financial planes • Formal targets • Executive policy directions (funding level targets) 	<ul style="list-style-type: none"> • Budget Request • Updated financial plan • Various budget forms • Formalized business plans • Performance measures 	<ul style="list-style-type: none"> • Multitude of spreadsheets • Various tools for supporting documentation • Access DBs 	<ul style="list-style-type: none"> • Departments 		<p>services.</p> <ul style="list-style-type: none"> • PH has own system, track by program, org, activity – use project level. Large and complicated – use the county’s old budget mainframe system. • Emerging interest in developing budgets w/with performance measures. Ad hoc, There is no link of budget to performance measures. • Also no link to GIS. • Process is very manual – Departments do not have access to Essbase. • 70% of CX is separately elected – issue tying performance measures to budget.
Review department Budget Submittals	<ul style="list-style-type: none"> • Budget Request • Various budget forms • Formalized business plans • Performance measures • Updated financial plan 	<ul style="list-style-type: none"> • Balanced Budget • Analysis of budget requests • Requests For Additional Information • Data for Budget Document • Review of assumptions • Recommendations to Executive 	<ul style="list-style-type: none"> • Update Essbase • Summary is maintained in M-Base (ACCESS DB) • Departmental budget memos 	<ul style="list-style-type: none"> • Budget Office • Departments update balances in systems to reflect Budget Office changes & output of financial plan 		<ul style="list-style-type: none"> • Public Health uses a separate budget system for development. Their summary numbers are a placeholder in Essbase and M-base. • No link between systems (M-base & S-base) • No link to financial plan.

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
		<ul style="list-style-type: none"> • Executive proposed budget • Adjustments in central rates (CX) – final rate adjustments • Balanced financial plan • Departmental budget memos 				<ul style="list-style-type: none"> • Systems do not support requested categories – labor intensive. • Single year focus. • Rules change each year based on problems to solve. • Requires cooperation at all levels. • There was a direction change from the budget task force last year (e.g. focus on subsidy of services urban vs. rural). The systems do not have the flexibility to support such changes mid-stream.
						<ul style="list-style-type: none"> • Lack of access to Essbase forces departments to create own systems – compute overhead rates & other analysis.
Supply Additional Information and Justifications	<ul style="list-style-type: none"> • Requests For Additional Information 	<ul style="list-style-type: none"> • Additional Information 		<ul style="list-style-type: none"> • Departments 		
Prepare Budget Ordinance, database & legislation	<ul style="list-style-type: none"> • Essbase • M-Base 	<ul style="list-style-type: none"> • Budget books • Ordinance • Department justifications and backup • Fee Ordinance • Transmittal letter – policy document 	<ul style="list-style-type: none"> • Use data in Essbase & M-base • Create book & ordinance from M-Base 	<ul style="list-style-type: none"> • Budget Office 		<ul style="list-style-type: none"> • Balancing Essbase to M-Base • Essbase is not a good planning tool because it is too detailed.

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
		<ul style="list-style-type: none"> • Press package • M-Base view access to Essbase • PSQ crosswalks 				<ul style="list-style-type: none"> • Required to send original request books to Council.
Transmit to Council	<ul style="list-style-type: none"> • Budget books • Ordinance • Department justifications and backup • Fee Ordinance • Transmittal letter – policy document • Press package 	<ul style="list-style-type: none"> • Budget books • Ordinance • Department justifications and backup • Fee Ordinance • Transmittal letter – policy document • Press package 		<ul style="list-style-type: none"> • Executive 		<ul style="list-style-type: none"> • Executive is involved in reviewing the budget requests and programs as they are developed. At this point, the Executive officially sends it to the county Council for their approval.
Review Budget & Hold Hearings Adopt Budget	<ul style="list-style-type: none"> • M-Base view access to Essbase • PSQ crosswalks • Budget books • Ordinance • Department justifications and backup • Fee Ordinance • Transmittal letter – policy document • Press package 	<ul style="list-style-type: none"> • Request for Information • Approved Budget Ordinance (with Council changes) • Provisos • BFM Staff version of M-Base (Council-Base) 		<ul style="list-style-type: none"> • Council Budget & Fiscal Management (BFM) Committee • Full Council 		<ul style="list-style-type: none"> • Do they really use the detail from PSQ? • Need detail of changes.
Respond to Council requests	<ul style="list-style-type: none"> • Request for Information 	<ul style="list-style-type: none"> • Response to Information Requests 		<ul style="list-style-type: none"> • Budget Office • Departments 		
Sign Budget	<ul style="list-style-type: none"> • Approved Budget Ordinance (with Council changes) • Staff reports 	<ul style="list-style-type: none"> • Signed Budget (line item veto) 		<ul style="list-style-type: none"> • Executive • Departments assess budget changes. 	<ul style="list-style-type: none"> • 10 days 	<ul style="list-style-type: none"> • Departments need to review and assess all of the incremental

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
						changes. Lack of clarity on changes creates gap in doing analysis. • Also review revenue ordinances.
Implement adopted budget	<ul style="list-style-type: none"> • Council changes • Provisos 	<ul style="list-style-type: none"> • Executive adopted budget book • DB of Provisos 	<ul style="list-style-type: none"> • Update Essbase 	<ul style="list-style-type: none"> • Budget Office 		
Load budgets to financial systems	<ul style="list-style-type: none"> • Signed Budget (line item veto) • Essbase Proposed Cost • December 5 Payroll (MSA excluding PH)) • Finalized Transit & Wastewater PONS 	<ul style="list-style-type: none"> • Updates to Essbase & PONS DB • Post all budgets to ARMS & IBIS 	<ul style="list-style-type: none"> • Pay Rec program • Essbase interface to post the budget • PH interface to ARMS 	<ul style="list-style-type: none"> • Budget Office • Public Health • Departments (MSA departments) 		<ul style="list-style-type: none"> • Essbase is updated with the approved budget. • The ARMS position control to the PONS position budget DB in Essbase • The approved budget is posted to ARMS and IBIS

2. Operating Budget Maintenance Function

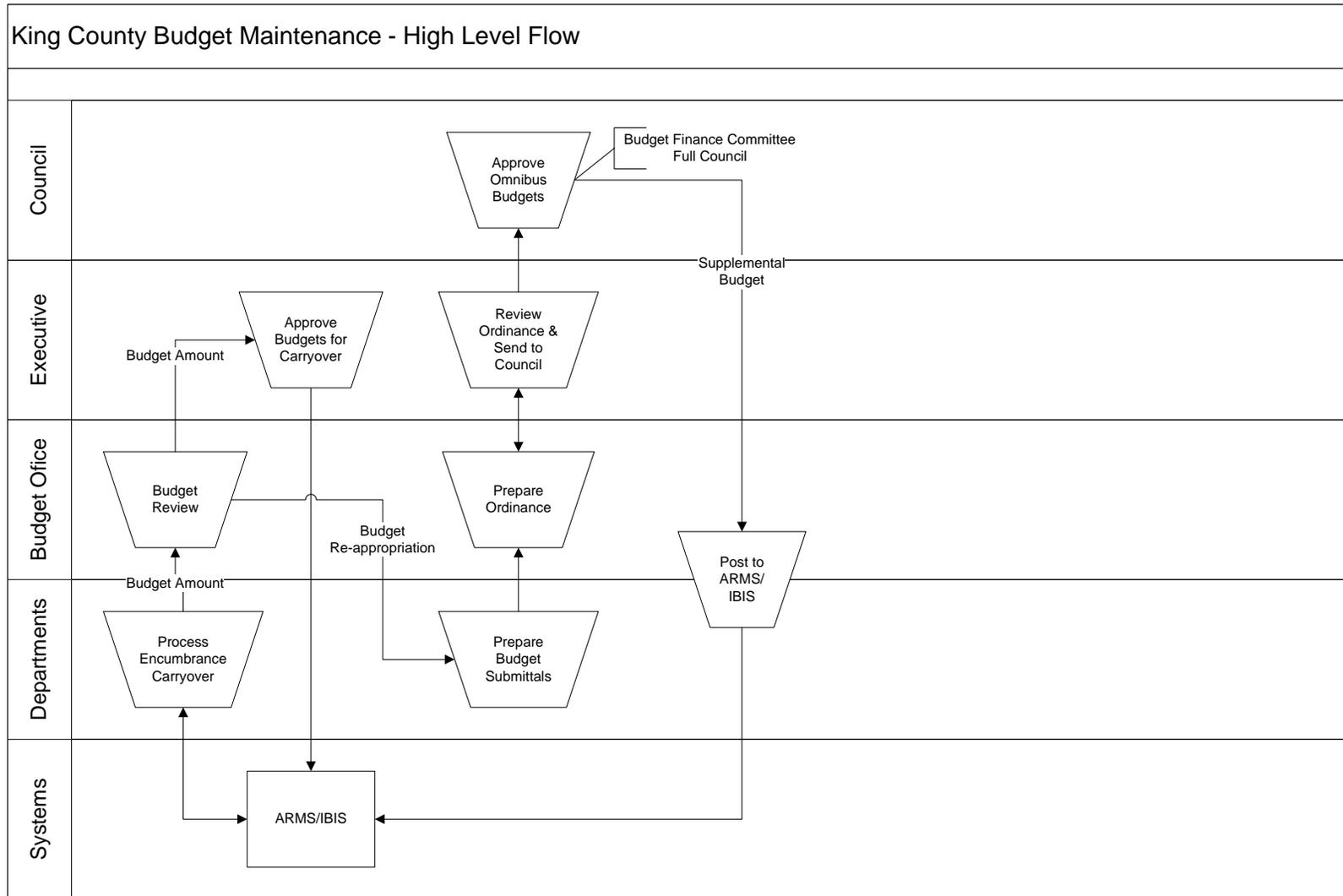
Function Goal

- Process quarterly budget adjustments.
- Process other budget adjustments.
- Re-appropriate moneys to cover purchase order and contract carryovers.

Exceptions

- Labor contracts.
- Emergencies.

Budget Maintenance High Level Flow



Operating Budget Maintenance Current Business Function Flow

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Process Encumbrance Carryover	<ul style="list-style-type: none"> • ARMS Encumbrance Balances • Updates to identify which POs to carry-over 	<ul style="list-style-type: none"> • Encumbrances and Budget • Carry Over Ordinance? 	<ul style="list-style-type: none"> • Carryover itself is an automatic function in ARMS. 	<ul style="list-style-type: none"> • Finance – Update ARMS to identify POs to carry over. • ARMS – Create carryover transactions and post in the new year. • Departments - Identify which should be carried over with budget and without budget • Department or Finance send budget amount to Council? Ordinance? 		
Approve Budgets for Carry Over	<ul style="list-style-type: none"> • Carry Over Ordinance 	<ul style="list-style-type: none"> • Approved Budget 		<ul style="list-style-type: none"> • Council Budget & Fiscal Management (BFM) Committee • Full Council 		
Prepare Budget Submittals		<ul style="list-style-type: none"> • Budget Request 		<ul style="list-style-type: none"> • Departments 		
Budget review	<ul style="list-style-type: none"> • Budget Request 	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • See Budget Development 	<ul style="list-style-type: none"> • Budget Office 		
Review Ordinance and Send to Council	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • Ordinance 		<ul style="list-style-type: none"> • Executive 		
Approve Omnibus Budgets	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • Supplemental Budget 		<ul style="list-style-type: none"> • Council - Approve 		
Post to ARMS IBIS	<ul style="list-style-type: none"> • Supplemental Budget 			<ul style="list-style-type: none"> • Budget Office or Departments – Post to ARMS or IBIS 		

C. Other Budget Processes

These processes were discussed during the Focus Group but are not included in the primary processes of Budget Development or Budget Maintenance.

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Allotments						
Allotments	<ul style="list-style-type: none"> Annual Budget projected quarterly 	<ul style="list-style-type: none"> Quarterly reports Other info – revisions to financial plans Executive presentation to Council. 	<ul style="list-style-type: none"> Side system (generic workbook) 	<ul style="list-style-type: none"> Budget Office prepares instructions Departments develop 		<ul style="list-style-type: none"> Monitor YE projections Alert to potential supplemental Allotment expectations versus real financial system capabilities – not useful. Largely a tool to monitor CX fund
Body of Work Review						
Prepare Body of Work (BOW) Submittal	<ul style="list-style-type: none"> Term Limited Temporary and Temp positions Type of work performed Payroll provide TLT and temp info through the Temp Tracking system Vendors provide hours and names for contract labor by division 	<ul style="list-style-type: none"> BOW submittal report 	<ul style="list-style-type: none"> Manual 	<ul style="list-style-type: none"> Department 		<ul style="list-style-type: none"> Fundamentally an HR process that is not well supported by systems
Analyze BOW	<ul style="list-style-type: none"> BOW submittal report Term Limited Temporary and Temp positions 	<ul style="list-style-type: none"> BOW document 		<ul style="list-style-type: none"> Budget Office 		
Review BOW, Make available to Council upon Request	<ul style="list-style-type: none"> BOW document 	<ul style="list-style-type: none"> BOW document 		<ul style="list-style-type: none"> Carrier Serve Review Board 		
Accept Report	<ul style="list-style-type: none"> BOW document 			<ul style="list-style-type: none"> Council 		<ul style="list-style-type: none"> Council does not have an official role in approval. This is for information.

D. Performance Measures

Operating Budget Key Performance Measure Examples

Business Function	Improvement Opportunity	Benefit	Measurement Criteria	Comments

III. Critical Success Factors



- Objectives for the Quantifiable Business Case.
- Top three things that have to be addressed for the project to be a success?
- Obstacles and resistance.

IV. What's Next?



- Follow up with individuals to clarify business processes and opportunities.
- Hold a second focus group session to refine/confirm the current business processes, present proposed business processes, and review high payback processes for additional analysis.
- Develop costs of current business processes through a survey of agencies

King County, State of Washington

Quantifiable Business Case

Focus Group 2



Focus Group: Operating Budget

Date: Wednesday, March 3, 2004

Time: 9:00 AM to 12:00 PM

Location: Public Health Orca, 6th Floor

Agenda



- I. Findings From First Session**
- II. Opportunities for Improvement**
- III. Analysis of Opportunities**
- IV. Next Steps**

I. Findings from Focus Group 1



A. Budget Development

- The budget process is based on a financial plan developed from various sources of information.
 - A range of possibilities are evaluated based on known factors.
 - The county is trying to integrate business planning and budgeting. It is growing into it, but is not there yet.
 - Developing internal service rates is a challenge. Rates may not generate enough to give the needed level of service.
 - There are delays in forecasting because final year-end balances are needed.
- The current budget is focused on organization. Some departments budget by program. Although the county is moving towards a programmatic view, it is not there yet.
- Other slices of information are needed for reporting. For example:
 - Services provided by geographical base.
 - Urban versus rural service.
 - Local versus regional.
 - Revenue and services by council district.
 - Mandatory and discretionary revenues and services.
- There is an emerging interest in developing budgets with performance measures.
 - The current effort is ad hoc.
 - There is no link of the budget to performance measures.
 - Executive performance measures are published on the Web for selected departments. Updated quarterly.
 - 70% of CX is separately elected and cannot be forced to tie performance measures to budget.
- The budget process is very manual.

- Departments do not have access to Essbase forcing departments to create their own systems to compute overhead rates and perform other analysis.
- There is no link between systems (M-base & Essbase).
- There is no link to the financial plan.
- Agencies use a multitude of spreadsheets and Access databases.
- Various tools are used for supporting documentation.
- Systems do not support requested categories and are labor intensive.
- Essbase is focused on the ARMS hierarchy. It is multidimensional for reporting. It has analysis capabilities but the capturing the data at more detailed levels is labor intensive. Its focus is to interface to ARMS and IBIS.
- Do not record supplemental budgets. No historic data in Essbase
- M-base is used for decision packages at the appropriation level.
- Essbase is good for analysis allows for different cuts of the data – but it has limitations because you can not include actual and historical data.
- Need new tools for labor analysis.
- Public Health uses its own budget system to budget by program, organization, and activity.
 - The system is the county’s legacy budget mainframe system. It is large and complex but it provides the level of detail that Public Health needs.
 - The system budgets at the project level to provide the additional levels of detail.
 - Public Health budget in Essbase is a placeholder.
- Rules change each year based on problems to solve.
 - There was a direction change from the Budget Task Force last year (e.g. focus on subsidy of services urban vs. rural, countywide versus local, mandatory versus discretionary, contract versus non-contract). The systems do not have the flexibility to support such changes mid-stream.
 - Also a revenue matching issue (how are the costs being covered?).
- When the budget is adopted, the departments need to review and assess all of the incremental changes in a very short period of time.
 - The Executive must approve or veto the budget in 10 days.

- There is a lack of clarity on the specific changes between the adopted budget and the original submittal. This makes the analysis difficult. Some changes could be missed.
- This review includes revenue ordinances.
- Essbase is updated with the approved budget.
- The ARMS position control is reconciled to the PONS position budget database in Essbase.
- The approved budget is posted to ARMS and IBIS. This is an automated process.

B. Budget Maintenance

- The encumbrance carryover is time-consuming. Although the actual carryover is an automated process, it still requires significant manual effort.
 - The carryover is only done in ARMS.
 - IBIS does not record encumbrances. Budget carryover for purchase orders and contracts is a manual effort.
- Allotments are required but not supported by either financial system. A side system (spreadsheet) is used to record allotments.
 - Departments look at trends and revenue expectations.
 - Compare current year to prior year patterns.
 - Variance reports are offline.
- The Body of Work submittal is fundamentally an HR process but includes budget and payroll components.
 - It is not well-supported by systems.
 - It also uses payroll data.
 - It was developed as a result of lawsuits over the use of temporary employees on long-term assignments.

II. Opportunities for Improvement



A. Operating Budget Opportunities

- Create a common operating budget process addresses all stages in the budget process (planning, development, adoption, and implementation). The process should share information between the Budget Office, Departments, and Council while providing necessary security and confidentiality.
- Provide automation for the common processes including the ability to development the detail budgets at the department level and automatically summarize totals for management presentation and analysis. Also provide characteristics to allow the budget information to be sorted and summarized to address specific queries and analysis.
- Provide better integration of budget with actual expenditures and revenues.
- Support budgeting at appropriation and detail levels depending on agency needs.
- Distribute data entry (with on-line edits).
- Provide electronic access to reports and report data.
- Implement activity based costing.
- Implement biennial budgeting.
- Systematically involve the public in the budget process.
- Improve expenditure and revenue planning.
- Expand performance measurement.

III. Opportunity Analysis



A. Analysis of Proposed Changes

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
<p>Create a common operating budget process.</p> <p>Early planning discussions and assumption.</p>	<ul style="list-style-type: none"> • Better use of resources • Reduction of redundant data entry • Promotes better understanding of the budget process • Provides all levels with consistent information • Efficiently deliver on information requests from Council • Common assumptions going into the budget phase. • Better assumptions. • More time for analysis of impact. • Increased precision. 			<ul style="list-style-type: none"> • Requires tools that will provide the needed features • Requires a flexible security shield 	<ul style="list-style-type: none"> • One shoe does not fit all – Separately Elected, enterprise funds. 				<ul style="list-style-type: none"> • There is a current common process. • Different funds have different budgeting needs. • CX is at the center of the budget process. • Differences in agencies on how process flows for early financial planning stages. • Planning to hold planning retreat to evaluate policy and identify emerging issues early in the planning process. • Identify planning assumptions that affect all agencies –

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
									<p>out for 3-6 years.</p> <ul style="list-style-type: none"> • Need to know about pending labor rates. • Having earlier identification of internal service rates.
Provide automation for the common processes	<ul style="list-style-type: none"> • Eliminate redundant entry of data at different levels. • Eliminate unique department systems and databases for budget development. • Provide better visibility as to the changes at each stage 			<ul style="list-style-type: none"> • Requires access with security to the central budget systems. • Requires a system that will support the levels of detail needed by the departments 					
Provide better integration of budget with actual expenditures and revenues.	<ul style="list-style-type: none"> • Simplified reconciliations • Better policy decisions • Ability to control Available 								

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
	Budget in wastewater (visibility) <ul style="list-style-type: none"> Avoid double entry 								
Support budgeting at appropriation and detail levels	<ul style="list-style-type: none"> Agencies maintain a single budget that meets their needs May eliminate side systems Better control over project through increased detail budget monitoring Budget entered once Support quarterly reports Supports production of budget ordinance 		<ul style="list-style-type: none"> Budget office needs high level appropriation budget Departments may want lower level detail budget 	<ul style="list-style-type: none"> Budget prep tools need to be integrated with financials Use of single integrated technology (integrated with position control) 					<ul style="list-style-type: none"> As the budget goes from agency to budget office to financials the departments lose details Essbase does not record project info for operating budgets Some operating budgets are controlled at project level Budget Office is at appropriation level.

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
Distribute data entry (with on-line edits)	<ul style="list-style-type: none"> • Reduces paperwork • More timely data entry • Eliminates redundant data entry • Submit changes on day to day basis. • Input early in process gives opportunity check assumptions & numbers. 		<ul style="list-style-type: none"> • Training – ongoing, 	<ul style="list-style-type: none"> • Adequate security for view and update access. • Ability to lock down a certain point for central review. • Requires robust tools for modification – mass change to rates or assumptions. 		<ul style="list-style-type: none"> • Can get bogged down on detail rather than at policy level. • Potential Budget Office effort for cleanup. • Not all agencies would want to do the entry – but would like to see it early. 		<ul style="list-style-type: none"> • Data quality. • Departments can get overwhelmed because focus should be on development. 	<ul style="list-style-type: none"> • Essbase can do this. • It is a political choice not to do it. • Level of detail for council input.
Provide electronic access to reports and report data	<ul style="list-style-type: none"> • Eliminate rekeying of data • Reduce central printing costs • Fewer standard reports (agencies could filter and sort to meet their needs) • Eliminates need to access side systems 			<ul style="list-style-type: none"> • User friendly reporting tools • Standard reports with the ability for the user to select data 					

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
	<ul style="list-style-type: none"> • Time savings to get to information • Standardization 								
Implement activity based costing.	<ul style="list-style-type: none"> • Identify full cost including overhead • Allows activities to be prioritized for budget analysis • Provides ability to compare costs with other governments and outside service providers 			<ul style="list-style-type: none"> • Systems needs to support budgeting and reporting of actual expenditures for this level of tracking. 	<ul style="list-style-type: none"> • Accommodate anomalies. • May require complex time reporting. Identify what is most important for coding and estimate others. • Determining balance and level of details in a way that provide useful information. 	<ul style="list-style-type: none"> • May not work consistently across all programs. Better for production based. Activities can quickly change in some agencies. 			
Implement biennial budgeting.	<ul style="list-style-type: none"> • Reduced overall budget preparation effort – especially for small agencies with limited resources. • Longer planning horizon 		<ul style="list-style-type: none"> • Provide incentive for savings 	<ul style="list-style-type: none"> • Financial system that will account for biennial budget • Would need a truly integrated financial/payroll system to provide information for decisions. 	<ul style="list-style-type: none"> • Position control – need more staff flexibility • Needs contingency concept to provide department flexibility. 	<ul style="list-style-type: none"> • May still require the same amount of work at the agency level. • Could help policy makers. • Locking rates in for 2 years for internal ser- 	<ul style="list-style-type: none"> • For CX use it or loose it is still the norm. 	<ul style="list-style-type: none"> • Requires longer planning for CX agencies to identify future needs. 	<ul style="list-style-type: none"> • Health uses 6% contingency and do not have to use the supplemental process. They still get Council approval for new grants within the contingency.

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
	<ul style="list-style-type: none"> Allows agency to consolidate moneys from 1st year & 2nd year to create a larger pool for specific initiatives (such as technology upgrades). 				<ul style="list-style-type: none"> Need understanding of how to address flexibility. Revenue stream could change because of outside factors – economy, initiatives, benefit costs, etc. 	<ul style="list-style-type: none"> vice providers would be a challenge. Realities of the environment would create significant challenges. 			<ul style="list-style-type: none"> Council has been open to some flexibility of the capital budget.
<p>Systematically involve the public in the budget process.</p>	<ul style="list-style-type: none"> Involve the public in the prioritization process Expand public buy in 				<ul style="list-style-type: none"> Attitude surveys. Special interests attend meetings, which may not represent public interest. Boards and Commissions. 	<ul style="list-style-type: none"> Contract cities budget process comes after Counties so they cannot fully synchronize. 			<ul style="list-style-type: none"> Council public hearings attract people with strong agendas. Other forums like unincorporated councils that provide input. For some agencies the budget is a framework with citizens' involvement for implementation.

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
									<ul style="list-style-type: none"> • Work groups like the benefit task-force. • Use elected official from cities to provide input. • Road Show – To community meetings and city reps related to budget.
<p>Improve Expenditure and Revenue planning</p>	<ul style="list-style-type: none"> • Better estimates of rate of expenditures. • Better estimate of rate of revenue collections • Better variance reporting • Improve cash forecasting • Improve investment opportunities 			<ul style="list-style-type: none"> • Improved allotment or spending / revenue plan capability 					<ul style="list-style-type: none"> • This is important during tight economic times.
<p>Expand performance measurement.</p>	<ul style="list-style-type: none"> • Improved ability to identify efficiencies 								

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
	<ul style="list-style-type: none"> • Improve service quality • Ability to more precisely communicate the result of budget expenditures 								

IV. Next Steps



King County, State of Washington

Quantifiable Business Case

Focus Group 1



Focus Group: Capital Budget

Date: February 11, 2004

Time: 9:00 AM to 12:00 PM

Location: Olympic

Agenda



- I. Introduction**
- II. Business Processes Review**
- III. Performance Measures Review**
- IV. Critical Success Factors**
- V. Next Steps**

I. Introduction



A. Project Definition

The purpose of this project is to provide King County with a quantifiable business case which justifies replacing or improving the county's current budget, financials, human resources and payroll operations model and the array of distributed systems and the business practices that support them.

B. Business Function Definitions

1. CIP Reconciliation

This is the process through which the ongoing CIP program is reevaluated and carryover budgets and revenues are identified. The process includes closing out projects and funds that are no longer active and adjusting project budgets for under or over expenditure projections.

2. Capital Budget development

The budget development process for capital budgets is the process through which the budgets for the six year CIP are requested, analyzed, and proposed by the Executive for Council Approval.

3. Capital Budget Maintenance

The budget maintenance process includes development of the supplemental budget ordinances. This is the process by which new projects are approved or budget authority is added to or subtracted from an existing project. The maintenance process also includes the mid-year CIP reconciliation to identify and, adjust if necessary the carryover amount for CIP funds.

C. Focus Group Approach

II. Business Processes Review



A. Definitions and Terminology

- **Business Function** – Refers to a high level grouping of business processes designed to meet a specific business objective. The financial functional areas covered by this project are:
 - Budget Preparation, appropriation supported by identified revenue sources
 - Budget Processing, Executive and Council review
 - Budget Revisions, based on supplemental ordinances and CIP reconciliation ordinance
 - Budget Analysis, expenditure rates, carryover, cash flow
 - Budget Reporting, including variance reporting and historical analysis
- **Business Process** – A discrete set of activities within a functional area. For example, business processes related to the General Ledger function include Set up and Maintain Chart of Accounts, Process Manual Transactions, etc.
- **Operations Model** – The operations model for both business and technical includes the following:
 - Integrated business process model and work flow addressing how all functions work together.
 - Roles, Responsibilities, and Authority for each identified business area/function and for integrated business operations.
 - Organizational structure (including Span of control, Staffing models, Staffing levels).

B. Confirmation of Current Business Processes

1. CIP reconciliation Function

Function Goals

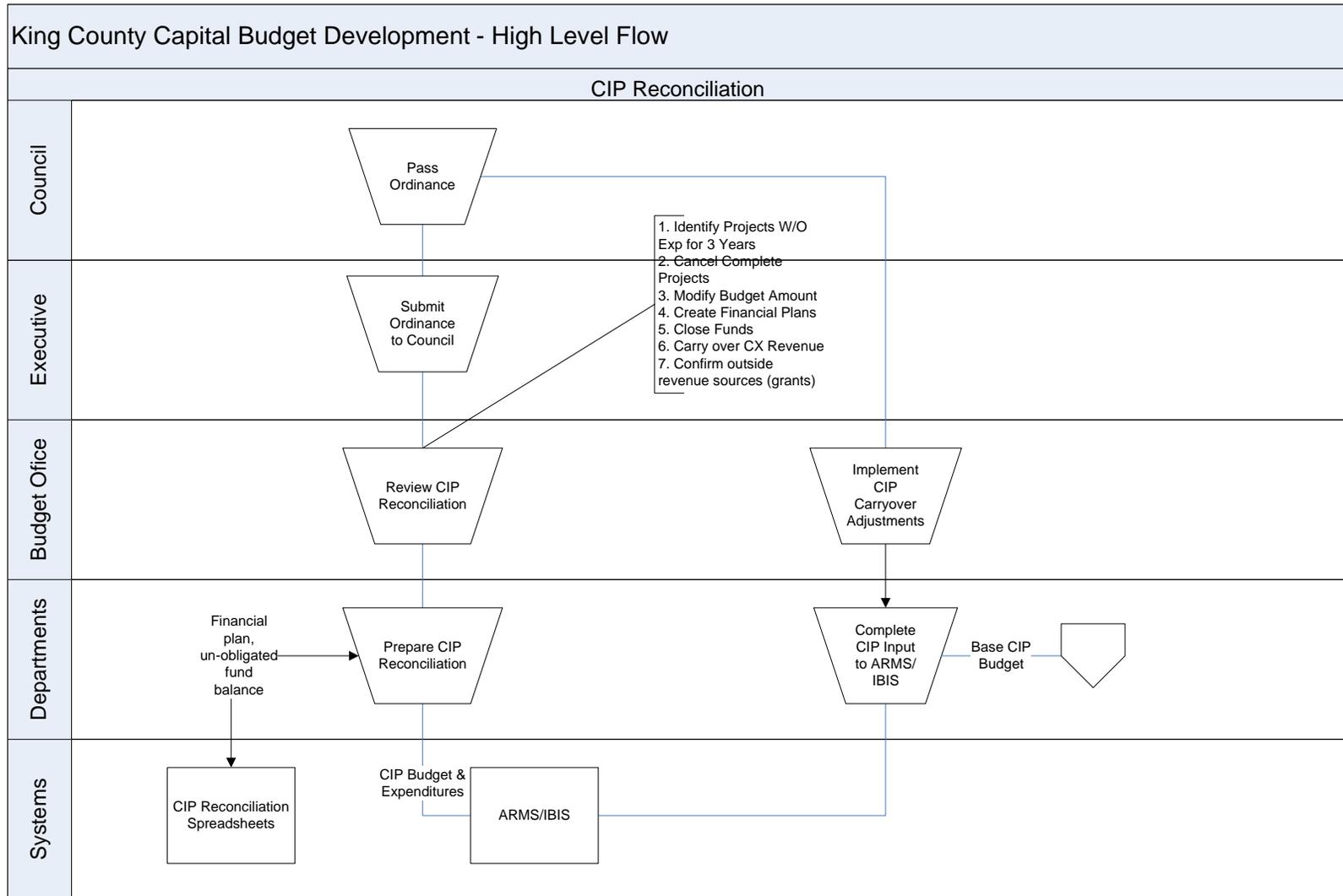
- Identify Projects W/O Exp for 3 Years
- Cancel Complete Projects

- Modify Budget Amount
- Create Financial Plans
- Close Funds
- Carry over CX Revenue
- Confirm outside revenue sources (grants)

Other Opening Discussions

- All agencies download information from accounting systems into project tracking systems (mostly home grown Access databases). In order to have adequate monitoring capabilities the budget office we would like to improved access to this information.
- Budgeting might be improved by knowing more about projects (e.g. project status, accomplishments, etc.) that have been approved. That is accountability reporting by projects.
- Uniformity of process (difficult with multiple systems), yet flexible enough to handle individual agency needs.

CIP Reconciliation High Level Flow



CIP Reconciliation Current Business Function Flow

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
<p>Prepare CIP Reconciliation</p>	<ul style="list-style-type: none"> • ARMS Budgets & Expenditures for Prior Year • Revenue Forecasts for the Funds 	<ul style="list-style-type: none"> • Financial Plan • Spreadsheets at project level 	<ul style="list-style-type: none"> • Spreadsheets 	<ul style="list-style-type: none"> • Budget Office – Provide department forms with prior year revenue and expenditures. • Departments – Update Spreadsheets with estimates and revenue projections. • Budget Office – Creates Financial Plan (Summary of Projects within the Fund) 	<ul style="list-style-type: none"> • April - June 	<ul style="list-style-type: none"> • Would like more qualitative information maintained by agencies (ex. Is project dead and should it be cancelled?) Get project status. (Roads adds a column for project status from their agency project monitoring database.) • Do not have access to IBIS as they do ARMS • IBIS does not have encumbrance carry over. • Process varies depending on IBIS or ARMS (budget office) • There is IBIS work / reconciliation to get information into an ARMS orientation (IBIS agencies start with a blank spreadsheet). • ARMS – departments use subprojects differently. Problem rolling back up to project level. Some departments use subprojects to iden-

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
						tify new projects.
Review CIP Reconciliation	<ul style="list-style-type: none"> Financial Plan Spreadsheets at project level 	<ul style="list-style-type: none"> Financial Plan Ordinance 	<ul style="list-style-type: none"> Refine Financial Plans Develop Ordinance Use CIP-Base Summary information is added to Essbase as a placeholder 	<ul style="list-style-type: none"> Budget Office 		
Submit Ordinance to Council	<ul style="list-style-type: none"> Financial Plan Ordinance 	<ul style="list-style-type: none"> Financial Plan Ordinance 		<ul style="list-style-type: none"> Executive, submit to council 	<ul style="list-style-type: none"> June 	
Pass Ordinance	<ul style="list-style-type: none"> Financial Plan Ordinance 	<ul style="list-style-type: none"> Ordinance BFM Version 	<ul style="list-style-type: none"> BFM reviews and holds hearings Passes it to the full Council for approval 	<ul style="list-style-type: none"> BFM Committee Full Council 	<ul style="list-style-type: none"> August 	<ul style="list-style-type: none"> Occasionally the CIP reconciliation is adopted concurrent with the Budget Ordinance. If appropriate authority is being requested, the departments are at risk paying contractors during this time by assuming the CIP Reconciliation will pass as is. Timing issue, if reconciliation not passed early enough, departments are at risk moving forward with projects that need additional funds. There is a risk of overspending during this time. IBIS does not have an encumbrance capability. This introduces a risk of

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
						<ul style="list-style-type: none"> committing expenditures without authority to do so. This is not an ARMS issue.
Implement CIP Carryover and adjustments	<ul style="list-style-type: none"> Ordinance Council Version 	<ul style="list-style-type: none"> Updated Spreadsheets 	<ul style="list-style-type: none"> Manual budget revisions 	<ul style="list-style-type: none"> Budget Office review of ordinance In IBIS, this is done by departments 		<ul style="list-style-type: none"> CIP reconciliations is base budgeting, Budget shows increments to base. So there is value to CIP reconciliation. No process for capital fund reporting. Issue to discuss: validate need for process and evaluate alternatives. Reallocation – process in development, some funds going to flexible funding.
Complete CIP Input	<ul style="list-style-type: none"> Financial Plan Ordinance Updated Spreadsheets 	<ul style="list-style-type: none"> Budget in ARMS/IBIS. 	<ul style="list-style-type: none"> ARMS input IBIS input 	<ul style="list-style-type: none"> Departments Budget Office 		<ul style="list-style-type: none"> Budget revision is a difficult, manual process. Information needed resides in various locations. There are rounding off issues in ARMS

2. Capital Budget Development Function

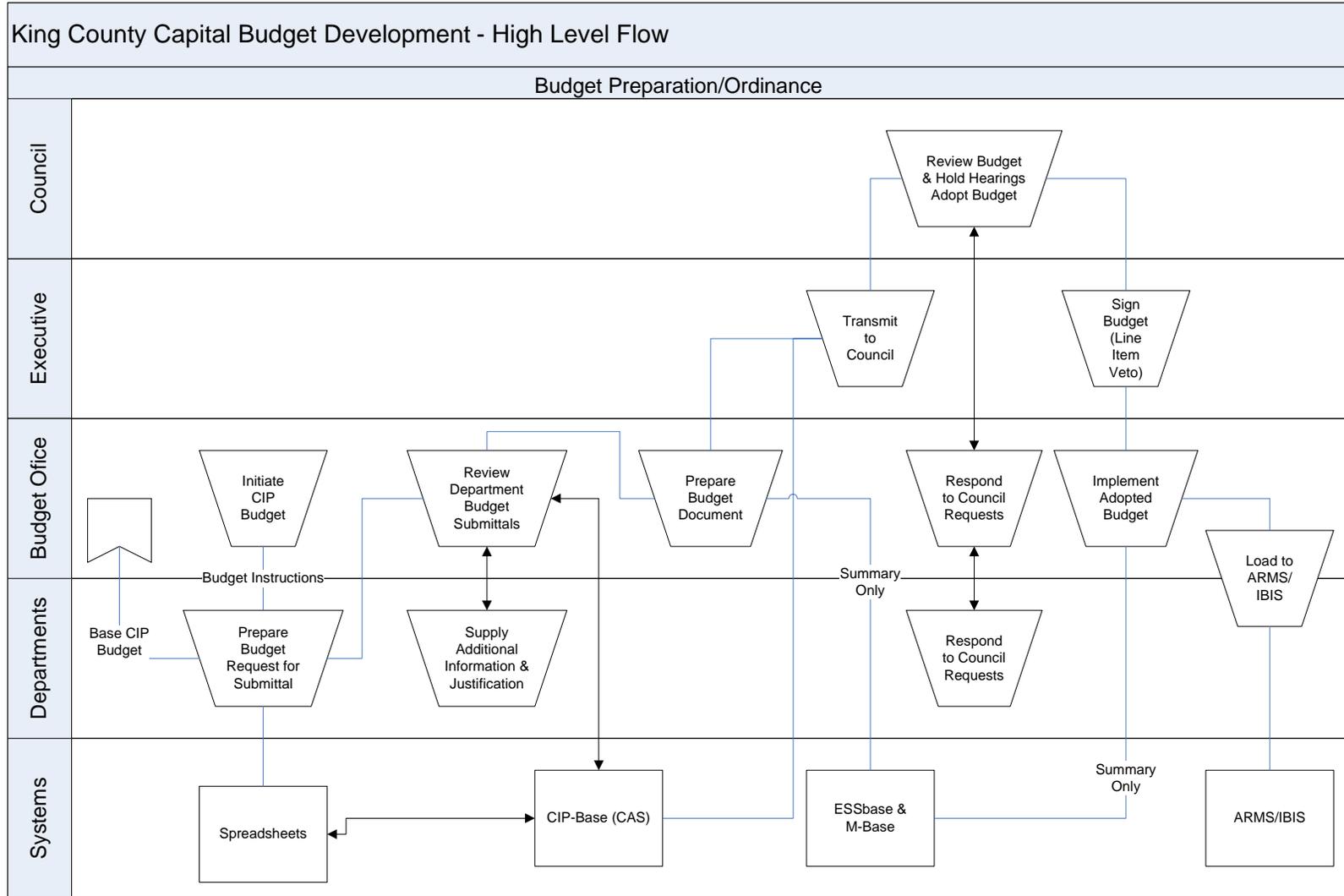
Function Goals

- Business Unit goal: Identify for a period of time (6-12 years) projects being initiated, plan for and fund costs.
- Executive goal: Understand business unit projects and funding. Monitor expenditures and activities. Collect information required by King County code. Use the budget as a decision making tool. Understand balancing revenues.
- Get capital requests approved via submission of a budget.
- The outcome of a good capital budget process is....
 - Prioritization and selection of projects, given limited resources.
 - Informed needs for decision makers.
 - The efficient use of funds.
 - Ongoing evaluation of needs.
 - Monitor changes and their impacts on the budget.
 - Utilize and optimize funding associated with project (grants).
 - Provide budget accountability, ability to provide information when needed.

Other Opening Discussions

- All agencies download information from accounting systems into project tracking systems (mostly home grown Access databases). In order to have adequate monitoring capabilities the budget office we would like to improved access to this information.
- Budgeting might be improved by knowing more about projects (e.g. project status, accomplishments, etc.) that have been approved. That is accountability reporting by projects.
- Uniformity of process (difficult with multiple systems), yet flexible enough to handle individual agency needs.

Budget Development High Level Flow



Capital Budget Development Current Business Function Flow

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Initiate CIP Budget Process	<ul style="list-style-type: none"> • CIP Fund Financial Plan • New Policies or Initiatives 	<ul style="list-style-type: none"> • Budget Instructions • Initial Spreadsheets Project Questionnaire • Target for CX 	<ul style="list-style-type: none"> • Spreadsheets 	<ul style="list-style-type: none"> • Budget Office 		<ul style="list-style-type: none"> • Departments have master plans that are considered during the budget preparation process. • Condition assessments are done in various ways by departments. There is no central coordination of this by the Budget Office. • County code does not fit with preservation of assets. Code is more geared toward newly constructed assets.
Prepare Budget request for Submittal	<ul style="list-style-type: none"> • CIP Fund Financial Plan • Budget Instructions • Initial Spreadsheets • Department Capital Plans 	<ul style="list-style-type: none"> • Budget Request Spreadsheets or Access DB 	<ul style="list-style-type: none"> • Initial project questionnaire • Spreadsheets 	<ul style="list-style-type: none"> • Departments 		<ul style="list-style-type: none"> • Instructions do not focus on non-CX agencies and revenues. • Budget Office focuses on incremental change to projects (single year appropriation). Budget office does not focus on total cost. Have 6 year financial plan to understand commitment. • Changes in scope are not apparent to the Budget Office. System does not

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
						<p>provide enough information to understand changes to scope. Departments must use other forms to adequately describe changes.</p>
<p>Review department Budget Submittals</p>	<ul style="list-style-type: none"> • Budget Request Spreadsheets 	<ul style="list-style-type: none"> • Requests For Additional Information • Data for Budget Document • Updated budgets 	<ul style="list-style-type: none"> • Update Essbase & M-Base (ACCESS DB) with Summary \$ • Load Department Spreadsheets into CIP-Base (CAS) 	<ul style="list-style-type: none"> • Budget Office 		<ul style="list-style-type: none"> • Same department makes up to 3 submittals for CIP. Multiple loads of data. This is due to deadlines. Each one over-lays previous. • There is a variation as to the volume of information provided by departments. It would be easier for budget analysts to see budget information in the same structure. • Financial plan is a mixture of appropriations for 1st year (includes multi-year contracts) Not what will be spent in 1st year, so this may be confusing. • Due to lack of time to process and analyze, make capital budget information submittals as efficient as possible. • Identify key requests to focus on.

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Supply Additional Information and Justifications	<ul style="list-style-type: none"> • Requests For Additional Information 	<ul style="list-style-type: none"> • Additional Information 		<ul style="list-style-type: none"> • Departments 		
Prepare Budget Document	<ul style="list-style-type: none"> • Data for Budget Document 	<ul style="list-style-type: none"> • Budget numbers • Department justifications and backup (The "Book") 	<ul style="list-style-type: none"> • Use CIP database (Access DB) • Can also interface adopted budget to ARMS 	<ul style="list-style-type: none"> • Budget Office 		
Transmit to Council	<ul style="list-style-type: none"> • Budget numbers • Department justifications and backup (The "Book") • Get copy of Access DB and Excel spreadsheets as part of ordinance 	<ul style="list-style-type: none"> • Budget numbers • Department justifications and backup (The "Book") 		<ul style="list-style-type: none"> • Executive 		<ul style="list-style-type: none"> • Executive is involved in reviewing the budget requests and programs as they are developed. At this point, the Executive officially sends it to the county Council for their approval.
Review Budget & Hold Hearings	<ul style="list-style-type: none"> • Budget numbers • Department justifications and backup (The "Book") 	<ul style="list-style-type: none"> • Request for Information • Approved Budget (with Council changes) 		<ul style="list-style-type: none"> • Council Budget Finance Committee • Full Council 		
Respond to Council requests	<ul style="list-style-type: none"> • Request for Information 	<ul style="list-style-type: none"> • Response to Information Requests 		<ul style="list-style-type: none"> • Budget Office • Departments 		<ul style="list-style-type: none"> • Capital appropriations go into effect 10 days after signing. However, they are tracked by calendar year. Have authority, but it is not loaded into the system yet. Shows spending unappropriated funds.
Sign Budget	<ul style="list-style-type: none"> • Approved Budget (with Council changes) 	<ul style="list-style-type: none"> • Signed Budget (line item veto) 		<ul style="list-style-type: none"> • Executive 		<ul style="list-style-type: none"> • Local versus regional budget. Council wants to know projects in their district. Budget wants to know pro-

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
						<p>jects in district based on revenue eligibility.</p> <ul style="list-style-type: none"> • Departments are asked if regional versus local in budget process. Does not carry over to financial reporting. • Need ability to view budget by different dimensions. Moving to incorporate more GIS information, tie to capital assets.
Implement Adopted Budget	<ul style="list-style-type: none"> • Signed Budget (line item veto) 	<ul style="list-style-type: none"> • Update budget database to reflect final budget. • Year-end balance of funds process • Load budget to ARMS, IBIS • Update information to Departments 	<ul style="list-style-type: none"> • Update CIP-Base 	<ul style="list-style-type: none"> • Budget Office (ARMS and part of IBIS) • Department (Part of IBIS) 		<ul style="list-style-type: none"> • Departments choose to hold loading of budget until prior year carry-over is known. • In IBIS system, do not have life-time budget in system (no life-to-date accounting) • Council is interested in labor costs relative to the capital program. We do not have a good linkage between CIP and staffing (from operating). Not allowed to budget FTE into the CIP budget. ARMS uses loan-in loan-out process as an indirect link
Load Budget		<ul style="list-style-type: none"> • Post to ARMS & IBIS 	<ul style="list-style-type: none"> • IBIS may be either interfaced or man- 	<ul style="list-style-type: none"> • Department • Budget Office 		<ul style="list-style-type: none"> • Do not have lifetime budget.

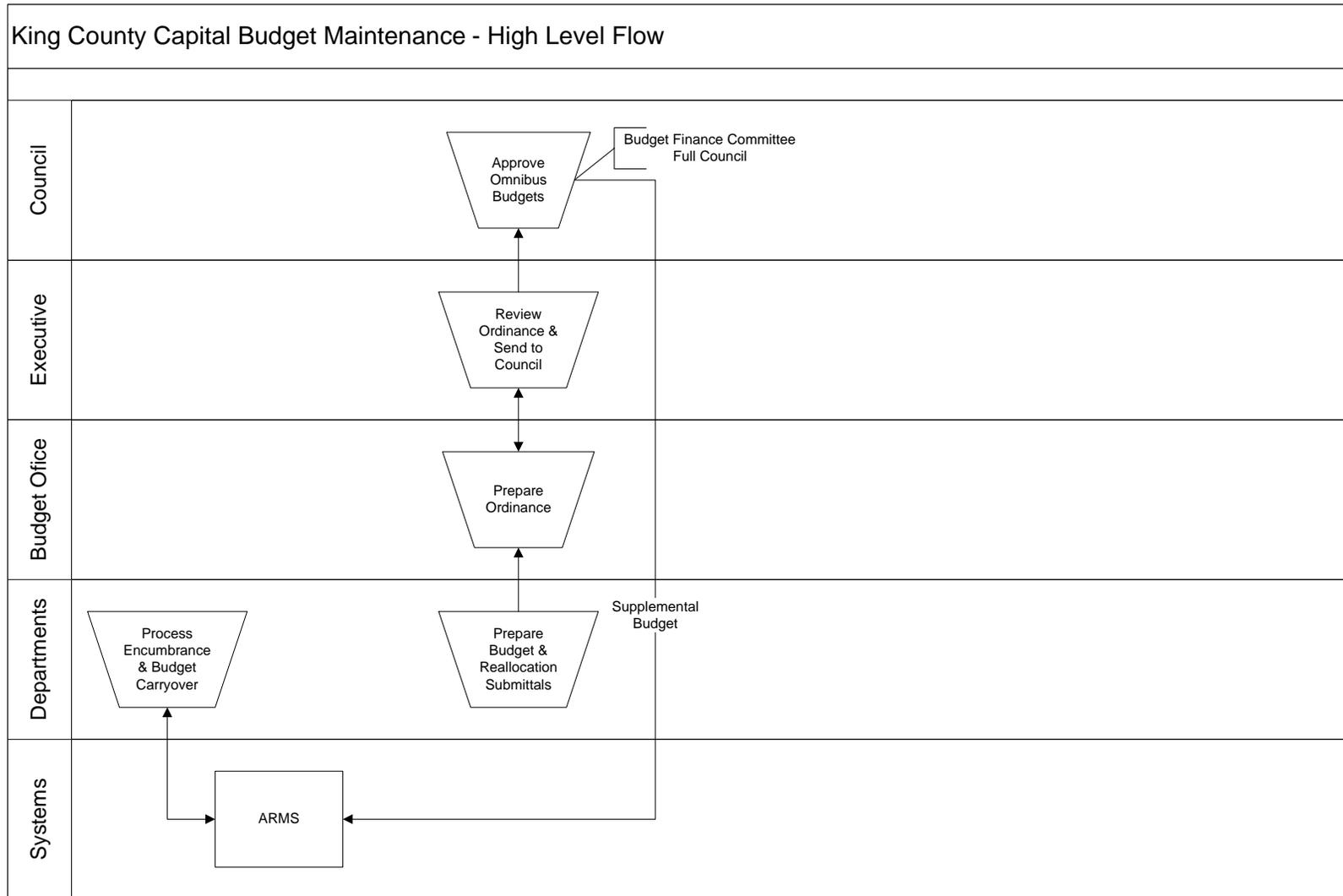
Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
			ual input • CIP-Base has an interface to ARMS			

3. Capital Budget Maintenance Function

Function Goal

- To modify the capital budget within the year, as needed.
- Reallocation of CIP – Administrative to evaluate dollars and qualitative factors.

Budget Maintenance High Level Flow



Capital Budget Maintenance Current Business Function Flow

Process	Inputs	Outputs	Method	Performed by	Flow Time	Gaps/Comments
Process Encumbrance Carryover & Budget Carryover	<ul style="list-style-type: none"> • ARMS Encumbrance Balances • ARMS CIP Balances • Updates to identify which POs to carry-over 	<ul style="list-style-type: none"> • Encumbrances and Budget 	<ul style="list-style-type: none"> • Carryover itself is an automatic function in ARMS. • Calculate budget available outside IBIS then load to IBIS 	<ul style="list-style-type: none"> • Finance & Departments – Update ARMS to identify POs to carry over. • ARMS – Create Carryover Transactions for CIP Budgets & POs and Post in the New Year. • Departments - Identify which POs should be carried over 		<ul style="list-style-type: none"> • All CIP is carried over. Adjustments are included later in CIP Rec. • For reallocation, need to provide project status, scope, milestones, contract information. The (April 15th) Council wants to know this information. • There are limitations to the IBIS carry-over.
Prepare Budget & Reallocation Submittals		<ul style="list-style-type: none"> • Budget Request 		<ul style="list-style-type: none"> • Departments 		<ul style="list-style-type: none"> • This process modifies existing project budget or creates new projects.
Prepare Omnibus Ordinance	<ul style="list-style-type: none"> • Budget Request 	Ordinance		<ul style="list-style-type: none"> • Budget Office 		
Review Ordinance and Send to Council	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • Ordinance 		<ul style="list-style-type: none"> • Executive 		
Approve Omnibus Budgets	<ul style="list-style-type: none"> • Ordinance 	<ul style="list-style-type: none"> • Supplemental Budget 		<ul style="list-style-type: none"> • Council - Approve • Budget Office/Departments – Post to ARMS or IBIS 		

C. Performance Measures

Capital Budget Key Performance Measure Examples

Business Function	Improvement Opportunity	Benefit	Measurement Criteria	Comments
	Availability of information and ease of use. Single access point for information.	<ul style="list-style-type: none"> • Eliminate need to access side systems • Time savings to get to information • Standardization 		
	Update county codes to meet business needs.	<ul style="list-style-type: none"> • Improved reporting • Create efficiencies 		<ul style="list-style-type: none"> • Currently, code incompatible with CIP process • Concern as to opening up code revisions.
	Address multiple systems	<ul style="list-style-type: none"> • Eliminate dual processes, inefficiencies and inconsistencies 		
	Provide more qualitative information to the Council and the budget process.	<ul style="list-style-type: none"> • Better meet information requests from Council • Better use of resources • Provide cost savings, if project problems are addressed. Additional information for decision making. 		
	Link labor (operating budget) to capital.	<ul style="list-style-type: none"> • Visibility to labor costs (big part of County costs) • Ability to see staffing provided to capital projects • Eliminate dou- 		

Business Function	Improvement Opportunity	Benefit	Measurement Criteria	Comments
		ble budget • Opportunity on operating side to improve labor distribution information		
	<ul style="list-style-type: none"> • Look for opportunity to merge re-allocation and CIP reconciliation • Or have multiple year capital budget 	<ul style="list-style-type: none"> • Reduced effort • More efficient, faster process 		<ul style="list-style-type: none"> • Looking at adopting a 2 year capital budget • What about appropriate based on milestones. (Research, design, etc.)
	<ul style="list-style-type: none"> • Implement process improvements within CIP reconciliation. Currently rely on many Excel files. Need to simplify. 			
	<ul style="list-style-type: none"> • Implement budget review efficiencies. Standardize budget submittals 			<ul style="list-style-type: none"> • Standard CIP database?
	<ul style="list-style-type: none"> • Strengthen case for maintenance / asset preservation budgeting 	<ul style="list-style-type: none"> • Maintain value of asset rather than replacing asset 		
	<ul style="list-style-type: none"> • Pay for capital only out of capital budget 			

III. Critical Success Factors



- Objectives for the Quantifiable Business Case.
- Top three things that have to be addressed for the project to be a success?
- Obstacles and resistance.

IV. What's Next?



- Follow up with individuals to clarify business processes and opportunities.
- Hold a second focus group session to refine/confirm the current business processes, present proposed business processes, and review high payback processes for additional analysis.
- Develop costs of current business processes through a survey of agencies

King County, State of Washington

Quantifiable Business Case

Focus Group 2



Focus Group: Operating Budget

Date: Thursday, March 4, 2004

Time: 9:00 AM to 12:00 PM

Location: Key Tower, Olympic

Agenda



- I. Findings From First Session**
- II. Opportunities for Improvement**
- III. Analysis of Opportunities**
- IV. Next Steps**

I. Findings From First Session



A. Budget Development

- The process is not uniform because it involves multiple systems. Process must be flexible enough to handle individual agency needs.
 - IBIS information must be converted to an ARMS orientation for the budget process.
 - ARMS departments use subprojects differently. There is a problem rolling back up to the project level. Some departments use subprojects to identify new projects.
 - IBIS does not use the encumbrance capability. There is a risk of over-committing expenditures.
 - The IBIS system does not have life-time budget (no life-to-date accounting). It does have life-to-date costs, but they do not track back to the original life budget.
 - There are rounding issues in ARMS when the budget is posted.
- Project status is not available centrally. Currently, agencies download information from accounting systems into their own project tracking systems (mostly home grown Access databases). Agencies track status and accomplishments in their own project management subsystems. This qualitative information would provide additional analysis capabilities and foster more accountability by the agencies. In order to have adequate monitoring capabilities, the Budget Office would like more visibility and access to agency project information.
- CIP reconciliation determines the base budget for carryover. Need to validate the need for this process and evaluate alternatives.
 - Occasionally the CIP Reconciliation is adopted concurrent with Budget Ordinance. If the reconciliation not passed early enough, departments are at risk moving forward with projects that need additional funds. There is a risk of overspending during this time.
- Departments have master plans that are considered during the budget process. Condition assessments are done in various ways by departments. There is no central coordination of this by the Budget Office.
 - The financial plan is a mixture of appropriations for 1st year (includes multi-year contracts), not what will be spent in the first year, which may be confusing.

- King County codes do not fit with preservation of assets. They are geared more toward newly constructed assets.
- The Budget Office focuses on incremental changes to projects (single year appropriation). The Budget Office does not focus on total cost. Departments have six-year financial plan to project commitments.
 - Changes in scope are not apparent to the Budget Office. System does not provide enough information to understand changes to scope. Departments must use other forms to adequately describe changes.
- Instructions for budget request submittals do focus on CX agencies and revenues. This leaves a gap for non-CX agencies.
 - Due to deadlines, the same department makes up to three submittals for CIP. This requires multiple loads of data. Each data load replaces the previous one.
 - There is a variation as to the volume of information provided by departments. It would be easier for budget analysts to see budget information in the same structure.
 - Due to the lack of time to process and analyze submittals, need to make capital budget information submittals as efficient as possible.
 - During the budget submittals review process, need to identify and focus on key requests.
- Capital appropriations go into effect 10 days after signing. However, they are tracked by calendar year. Have authority, but it is not loaded into the system yet. Therefore, the system shows spending un-appropriated funds.
 - Some departments choose to hold loading of budget until prior year carry-over is known.
- Council is interested in labor costs relative to the capital program. There is not a good linkage between CIP and staffing (from operating). FTE cannot be budgeted in the CIP budget.
- The Council wants to know about projects in their districts. Budget wants to know about projects in each district based on revenue eligibility. During the budget process, departments are asked to identify regional versus local. This information does not carry over into financial reporting.
- Need ability to view budget by different dimensions. Moving to incorporate more GIS information and tie to capital assets.
- There is no process for capital fund reporting. Quarterly reports tend to focus on the operating side. There is a frustration of not getting information on status of capital information on an ongoing basis.

- There is a reallocation process in development. Some funds are going to a flexible funding model.
- Some do not account for capital in their capital funds. Sometimes in the operating funds. They are not calculating loan in loan labor and applying it to the capital projects.
- The definition as to what is or is not capital is unclear. In DOT any capital funds should result in an asset. Studies and the like are often recorded in capital instead of operating.

B. Budget Maintenance

- The budget revision process is a difficult, manual process. The needed information resides in various locations.
- All CIP is carried over. Adjustments are included later in the CIP Reconciliation process.
- For reallocation, need to provide project status, scope, milestones, contract information. The Council wants to know this information (April 15th).
- There are limitations to the IBIS carry-over. There is no functionality to calculate the carryover. Because the budget update overwrites what is their departments wait until the budget ordinance is passed so they can load both the carry over and the new budget at once.

II. Present Opportunities for Improvement



A. Capital Budget Opportunities

- Implement a countywide project tracking process that includes both quantitative and qualitative information on project status, budget, schedule, and scope.
- Create a common capital budget process that shares information between the Budget Office, Departments, and Council.
- Establish a consistent approach to capital planning.
- Create budgets for the life of multi-year capital projects.
- Link labor information from the operating budget to capital projects.
- Implement a countywide asset management approach.
- Distribute data entry (with on-line edits).
- Provide electronic access to reports and report data.

III. Analyze Opportunities for Improvement



A. Analysis of Proposed Changes

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
<p>Implement a countywide project tracking process that includes both quantitative and qualitative information on project status, budget, schedule, and scope.</p>	<ul style="list-style-type: none"> • Eliminate inefficiencies and inconsistencies produced by dual processes. • Provides policy makers with information. • Provide more flexibility to departments. • Allows action to be taken earlier. • Focus on important projects. • Reduce provisos. • Ability to coordinate effort for projects in similar areas. 	<ul style="list-style-type: none"> • Reduce time for producing information. • Number of projects over and under during year. • Meets critical information requirements 	<ul style="list-style-type: none"> • Higher value work • Better analysis. 	<ul style="list-style-type: none"> • May still require a separate system. • Integrate with financial information • Provide public information (Web enabled). 	<ul style="list-style-type: none"> • Identifying information needs for critical reporting • Identifying management information needs. 	<ul style="list-style-type: none"> • Training & Implementation. • Set standards for project management • Security • Diversity of practices (Changing status quo) • Frequency of updates – resource considerations. 	<ul style="list-style-type: none"> • Comply with KC code. • Adopting best practice for information 	<ul style="list-style-type: none"> • Changing information requirements. • May measure & track wrong criteria. 	
<p>Enhance capital budget information (justification, total cost of ownership) and facilitate</p>	<ul style="list-style-type: none"> • Provide more qualitative project information to the Council and the budget 	<ul style="list-style-type: none"> • Lower cost of ownership. • Improved return on investment. 	<ul style="list-style-type: none"> • See above • Training for senior level people. 	<ul style="list-style-type: none"> • Collect info for all but highlight key projects. • Ability to report at dif- 	<ul style="list-style-type: none"> • Striking the balance between available and needed info. 	<ul style="list-style-type: none"> • Requires realistic assumptions and costs. • Have all projects 	<ul style="list-style-type: none"> • See above. • Security. • Ensuring sufficient security measures 	<ul style="list-style-type: none"> • Information used in budget is public info and reduces competitive 	<ul style="list-style-type: none"> • Currently projects are requested. Many are not justified. Total cost of

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
<p>better sharing of information between the Budget Office, Departments, and Council.</p>	<p>process.</p> <ul style="list-style-type: none"> • Efficiently and effectively deliver on information. • Better use of resources. • Provide cost savings, if project problems are addressed. Additional information available for decision making. • Better program decisions across the county. Better coordination of multi-agency issues. (where one project impacts another agency) • Provide visibility of new projects. • Reduce effort for CIP 			<p>ferent levels for different needs. (Top down view)</p> <ul style="list-style-type: none"> • Assess current system capabilities to provide information. • See above. 	<ul style="list-style-type: none"> • Establish good criteria for project selection. 	<p>meet the criteria. Global implementation</p> <ul style="list-style-type: none"> • Politics 	<p>are in place.</p>	<p>bids.</p>	<p>ownership.</p> <ul style="list-style-type: none"> • May be requested but often is not filled in. • No formal follow up for validation. • Departments develop the data but it does not get summarized into the budget submittal. • Council will look at detail.

Improvement Opportunity	Benefit	Performance Measures	Organizational Impact	Role of technology	Implementation Considerations	Organizational Obstacles & Constraints	Legal & Policy Constraints	Risks	Comments
	reconciliation.								
Establish a consistent approach to capital planning.	<ul style="list-style-type: none"> • Better anticipate & prioritize capital improvement needs. • Enhance understanding of the capital planning process. • Reduce effort through common tools. • Provide more flexibility in resource utilization. • Increased employee mobility. • Provides coordinated policy for planning. • Easier reporting. 	<ul style="list-style-type: none"> • Reduce need for re-allocation. • Lower training costs. • Lower total cost of ownership. 	<ul style="list-style-type: none"> • More centralized planning functions are possible. • Better control over cost of administering capital program. • Use time for higher value analysis. 	<ul style="list-style-type: none"> • Provide flexibility for different programs under a common process. • Ability to pull budget information from plan. • Support standardized approach with flexibility. • Ability to quickly change. 	<ul style="list-style-type: none"> • Different programs have different planning needs. • Education required to get policy maker buy-in. • External planning requirements. 	<ul style="list-style-type: none"> • Allow sufficient diversity of info. 	<ul style="list-style-type: none"> • Growth management act requires 6-year plan. • County code.. 	<ul style="list-style-type: none"> • Collecting right data. • One size fits all problem.. • Losing flexibility. 	<ul style="list-style-type: none"> • Look at minimum 10 year, possibly 20 year capital plan. • Include funding sources as well as costs.

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<p>Create appropriations for the life of multi-year capital projects.</p>	<ul style="list-style-type: none"> • Reduces the CIP reconciliation effort. • Eliminates the need to do budget carryovers for CIP projects. • Reduce confusion on budget versus expenditures for contracts signed but not performed. 	<ul style="list-style-type: none"> • Reduce number of financial transactions. 	<ul style="list-style-type: none"> • Training. • Change in approach. • Time savings. • Shift focus to analysis. 	<ul style="list-style-type: none"> • Requires adequate status information. • Requires ability to appropriate at one level and budget specific projects within. (Flexible budgeting for technology projects). 	<ul style="list-style-type: none"> • Separate cash impact from spending authority. • Requires financial plan for the project. • Identify decision points. • Establish constraints on variance analysis. • Consider milestone appropriations. 	<ul style="list-style-type: none"> • Authority issues. • Approval for commitment of resources used on CIP. • Council and Executive buy-in. • Changes control structure of project management. • Willingness to focus on broader policy issues for budget process. 	<ul style="list-style-type: none"> • County Code allows multi-year appropriation. • Each fund requires an ordinance for implementation. • See above 	<ul style="list-style-type: none"> • Political considerations. • Loosing control of CIP budgets. • Using wrong information for decisions • Not getting enough information to support a long-term decision. 	<ul style="list-style-type: none"> • Trying to get more funds to do a six-year plan. • Roads is a big player in the GMA. • Single year appropriation represents the commitments that will be made that year. I.e. a multi-year construction project would need to be budgeted the first year so the contract can be signed. • IBIS requires budget at the encumbrance line item level, which is why they do not encumber in IBIS.

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Link labor information from the operating budget to capital projects.	<ul style="list-style-type: none"> • Visibility to labor costs (big part of County costs). • Identify dollars & FTE applied to CIP at a high level (by class). • Ability to see staffing provided to capital projects. • Opportunity on operating side to improve labor distribution information. • More accurate cost of projects. 		<ul style="list-style-type: none"> • Training. • Adequate project managers experience in agencies that do few CIP projects. 	<ul style="list-style-type: none"> • Ability to allocate labor and overhead to projects. 	<ul style="list-style-type: none"> • Knowledge of project management and why. 				<ul style="list-style-type: none"> • More of an accounting issue. • Not everyone includes the operating staff costs in the CIP budget. Not using loan in loan out. CIP appropriation may not include staff.
Implement a countywide asset management approach.	<ul style="list-style-type: none"> • Maintain value of the asset rather than replacing it. • Achieve lowest life-cycle cost for capital facilities. • Provides prioritization method for 	<ul style="list-style-type: none"> • Savings on capital investment over time. • Reduced total cost of ownership. 	<ul style="list-style-type: none"> • Culture change. • Reorientation. • Consistent processes. 	<ul style="list-style-type: none"> • Adequate inventories. • Condition assessment. • Apply cost factors. 	<ul style="list-style-type: none"> • Policy decisions to support maintenance funding. 			<ul style="list-style-type: none"> • If problems are identified and not corrected, it could become a legal liability. 	<ul style="list-style-type: none"> • Difficult on CX. Easier on funds with dedicated revenue. • Council has agreed ot systematic program of building maintenance.

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	major maintenance and preservation projects <ul style="list-style-type: none"> • More efficient use of tax payer resources (stewardship). • GASB compliance. 								<ul style="list-style-type: none"> • Includes information systems and technical infrastructure.
Distribute data entry (with on-line edits).	<ul style="list-style-type: none"> • Reduces paperwork. • More timely data entry. • Eliminates redundant data entry. 								
Provide electronic access to reports and report data.	<ul style="list-style-type: none"> • Eliminate re-keying of data. • Reduce central printing costs. • Fewer standard reports (agencies could filter and sort to meet their needs). • Eliminates need to access side systems. 								

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	<ul style="list-style-type: none"> • Time savings to get to information. • Standardization 								

IV. Next Steps

