



Signature Report

June 27, 2016

Motion 14671

Proposed No. 2016-0214.1

Sponsors von Reichbauer

1 A MOTION approving the final report on business
2 transformation in response to the 2015/2016 Biennial
3 Budget Ordinance, Ordinance 17941, Section 24, Proviso
4 P2, executive services-administration.

5 WHEREAS, the 2015/2016 Biennial Budget Ordinance, Ordinance 17941,
6 Section 24, Proviso P2, related to executive services-administration, states that \$110,000
7 shall not be expended or encumbered until the executive transmits by separate motions a
8 preliminary and a final report on business transformation involving functional value
9 streams and the council approves the reports and motions, and

10 WHEREAS, the new enterprise systems, launched as part of the Accountable
11 Business Transformation project, also known as ABT, in January 2012, include a
12 combination of new business processes and enabling technology applications associated
13 with:

- 14 1. The Oracle EBS system for financial and procurement operations;
- 15 2. The PeopleSoft human capital management system for human resources,
16 employee benefits and payroll operations; and
- 17 3. The Hyperion system for budgeting, and

18 WHEREAS, a functional value stream ("value stream") is defined in the King
19 County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and

20 PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228;
21 and

22 WHEREAS, in March 2015 the executive transmitted to the council a preliminary
23 report that contains the required information responding to Ordinance 17941, Section 24,
24 Proviso P2, including:

25 1. The identification of the key objectives for each value stream for the
26 2015/2016 biennium; and

27 2. The identification of metrics that demonstrate whether King County is
28 achieving the objectives identified for each value stream, and

29 WHEREAS, on May 26, 2015, the council adopted Motion 14365 approving the
30 preliminary report; and

31 WHEREAS, the final report on business transformation has been jointly prepared
32 by the department of executive services, including the finance and business operations
33 division, the business resource center, the human resources division and the office of
34 performance, strategy and budget, and

35 WHEREAS, the executive has transmitted to the council a final report that
36 contains the required information responding to Ordinance 17941, Section 24, Proviso
37 P2, including:

38 1. The identification of the key objectives for each value stream for the
39 2015/2016 biennium;

40 2. The identification of metrics that demonstrate whether King County is
41 achieving the objectives identified for each value stream;

42 3. A description of each of the key operational initiatives underway or proposed
43 to be implemented to achieve the objectives for each value stream;

44 4. A status update of King County’s financial, budget and human resources
45 systems, using the maturity model described in the report , King County Enterprise
46 Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion and PeopleSoft
47 Stabilization Status, Metrics and Work Plan;

48 5. An update on each pain point identified in the report, King County Enterprise
49 Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft
50 Standardization Status, Metrics and Work Plan; and

51 6. An update on efforts to move remaining employees to biweekly pay and
52 efforts to standardize pay; and

53 NOW, THEREFORE, BE IT MOVED by the Council of King County:

54 The executive's final report in response to the 2015/2016 Biennial Budget
55 Ordinance, Ordinance 17941, Section 24, Proviso P2 is hereby approved.
56

Motion 14671 was introduced on 4/11/2016 and passed by the Metropolitan King
County Council on 6/27/2016, by the following vote:

Yes: 9 - Mr. von Reichbauer, Mr. Gossett, Ms. Lambert, Mr. Dunn,
Mr. McDermott, Mr. Dembowski, Mr. Upthegrove, Ms. Kohl-Welles
and Ms. Balducci
No: 0
Excused: 0

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON



J. Joseph McDermott, Chair

ATTEST:



Anne Noris, Clerk of the Council

Attachments: A. King County Enterprise Systems 2016 Budget Proviso Report



**Council Ordinance 17941, Section 24
EXECUTIVE SERVICES - ADMINISTRATION**

King County Enterprise Systems 2016 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan

**Caroline Whalen - County Administrative Officer
Dwight Dively - Director, Office of Performance, Strategy and Budget**

March 31, 2016

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INTRODUCTION AND PURPOSE

At the start of 2012, the Accountable Business Transformation (ABT) project replaced the county's legacy financial, human resource/payroll, and budget systems with a modern integrated system. County agencies now share an integrated system of three enabling technologies to help conduct their business: Oracle E-Business Suite (Oracle EBS) for financial and procurement operations; PeopleSoft Human Capital Management (PeopleSoft) for human resources, employee benefits and payroll operations; and Hyperion for budgeting.

Given the magnitude of technology and business process changes brought on by ABT, the county has viewed ABT implementation occurring in three overlapping phases: starting with stabilization in 2012 and 2013, with some carryover work in 2014; moving to standardization in 2014 through 2016, with some carryover work expected in 2017; and starting the optimization phase in 2017. This three-phased continuum is referred to as a "maturity model" for new systems and their related business processes. While the enterprise software has been in place since 2012, many of the benefits and efficiencies mature over time as the county standardizes its business processes to use the software in an optimal way.

A June 2013 report provided to the county council documented the initial stabilization phase of maturity from both a systems and a business process perspective.¹ The report concluded that the new systems were stable and business processes were functioning, but that there was a need for continued improvements and problem solving as part of the next phase of standardization. A follow-up report documenting the county's progress in moving through the standardization phase, including a specific work plan and deliverables, was submitted in May of 2014.² As part of a proviso in the 2015/2016 adopted budget, the county council requested an updated work plan outlining key objectives, metrics and operational initiatives for each value stream for the 2015/2016 biennium. In addition, the proviso requests an update on King County's financial, budget and human resources systems.

The 2015 preliminary report addressed sections A and B of the council's 2015/2016 budget proviso which calls for key objectives and metrics for each value stream March 31, 2015.³ This is a comprehensive report, addressing A through F of the proviso and goes into more depth about the key objectives, project initiatives related to the objectives, and the metrics used to chart the progress of standardization as well as a status update of King County Enterprise Systems: Oracle EBS, Hyperion, and PeopleSoft.

¹ Accountable Business Transformation 2013 Budget Proviso Report, June 28, 2013.

² King County Enterprise Systems 2014 Budget Proviso Report, May 30, 2014.

³ King County Enterprise Systems 2015 Preliminary Budget Proviso Report, Revised May 7, 2015.

COUNCIL PROVISO

For reference, the proviso in Council Ordinance 17941, Section 24, is excerpted below.

The report shall include, but not be limited to:

- A. Identification of the key objectives for each value stream for the 2015-2016 biennium. A value stream is defined in the King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228;
- B. The identification of metrics that demonstrate whether King County is achieving the objectives identified for each value stream. Metrics shall include but not be limited to, baselines and targets;
- C. A description of each of the key operational initiatives underway or proposed to be implemented to achieve the objectives for each value stream. The description shall include:
 1. How the initiative is related to the objective;
 2. The size of the problem the initiative is addressing and, if relevant, the amount and type of benefits likely to be achieved as a result of the initiative and the effort or cost, including staff resources, required to accomplish the initiative;
- D. A status update of King County's financial, budget and human resource systems, using the maturity model described in the report, King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228;
- E. An update on each pain point identified in the report, King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228; and
- F. An update on efforts to move remaining employees to biweekly pay and efforts to standardize pay.

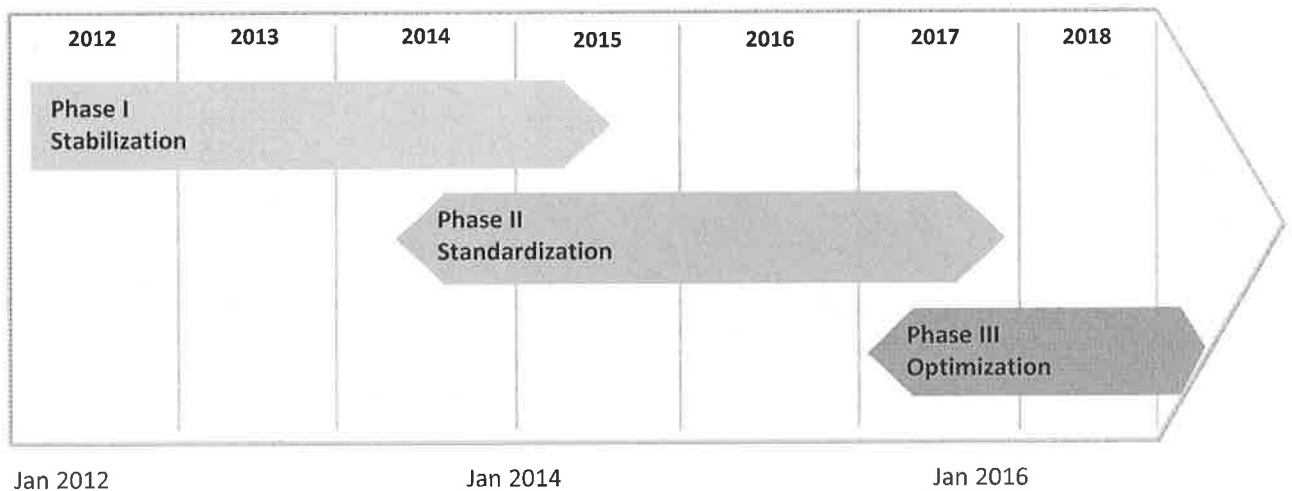
The executive must file an initial report identifying the preliminary objectives and metrics as identified in subsections A. and B. of this proviso, except that this preliminary report need not include the identification of targets and baselines for the reported metrics, and shall be filed by March 31, 2015.

The final report, including the components in subsections A. through F. of this section, and a proposed motion approving the report shall be filed by March 31, 2016.

EXECUTIVE SUMMARY

This report responds to a proviso in the 2015/2016 budget ordinance that requested identification of the key objectives for each value stream and whether King County is achieving these objectives. The provisos also requested a description of the key operational initiatives underway or proposed to be implemented to achieve the stated objectives for the 2015/2016 biennium.

King County is approaching the optimization phase in the “maturity model” (see diagram) and has made great strides in the standardization phase with many business process improvements, resulting in faster response times, greater reliability, or greater accuracy. This report focuses on the standardization of business processes and the financial and budget systems. The report highlights the significant progress that has been done in standardizing our business processes before King County moves into the optimization phase in 2017. In order to move forward to the optimization phase, it is critical to have reliable and timely financial reporting technology, such as BI Analytics, that will provide a means to easily measure how King County is serving our internal and external customers.



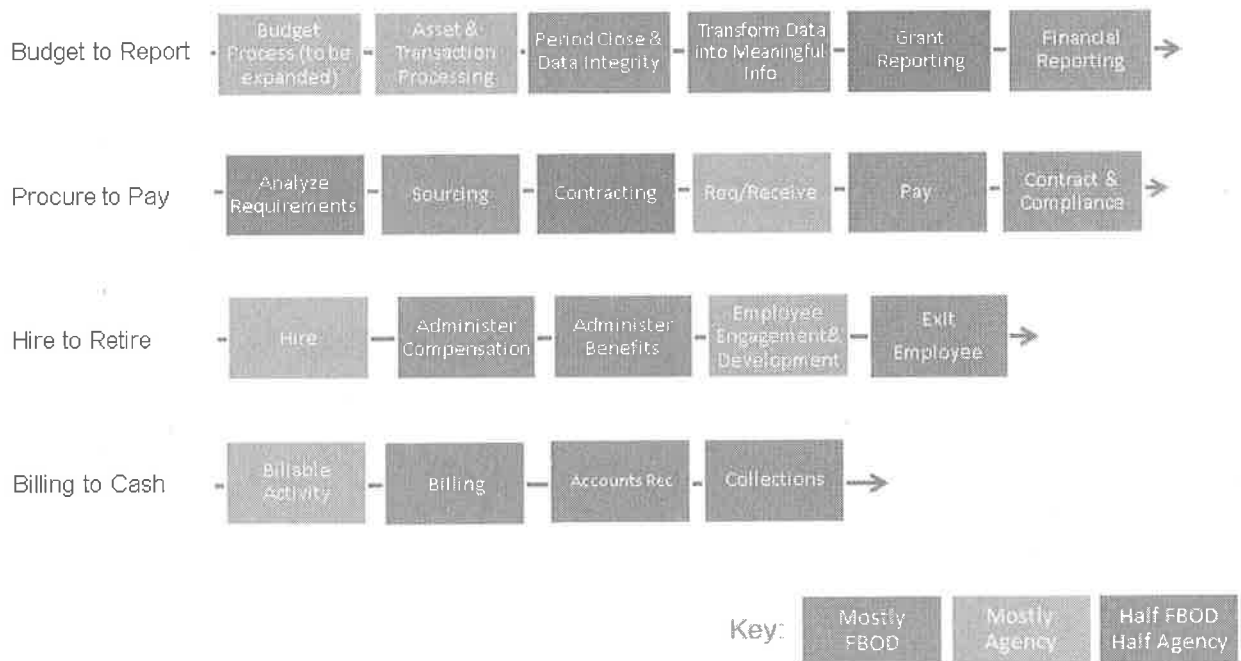
In the standardization phase there is an opportunity to focus on the development of standard work in each business process. Standard work is a central concept of the county’s Lean management approach which emphasizes eliminating wasteful steps from business processes and adding value for customers. Initiatives in the standardization phase of the maturity model are designed to support departments in gaining efficiencies, strengthening internal controls and improving audit preparedness by reducing variations in business processes that impact financial events. After standard work is firmly in place, the central business owners and agencies can advance into the optimization phase in which users are confidently using the system to achieve even higher levels of efficiency and customer value.

This report examines King County’s enterprise systems from both a business process and a systems/enabling technology perspective using the construct of “functional value streams.” A value stream is a set of complete and coordinated work activities – typically involving multiple county agencies – that delivers clearly defined products or outputs to customers. This contrasts with the more traditional organizational chart perspective that defines the roles and responsibilities of discrete agencies. For

example, the value stream titled “Procure-to-Pay” is the coordinated set of work activities across county agencies that results in signed contracts with vendors and the payment of invoices to these vendors upon receipt of goods or services. The central procurement section within the Finance and Business Operations Division (FBOD) – along with other FBOD sections and multiple county departments—are responsible for the delivery of services within this functional value stream.

The county’s four functional value streams that are supported by enabling technology are commonly used in both the private and public sectors and are referred to in this report as: Budget-to-Report (Budgeting, Accounting, and Reporting), Procure-to-Pay (Procurement and Accounts Payable), Hire-to-Retire (Benefits, HR and Payroll), and Billing-to-Cash (Grant Billing and Accounts Receivable).

King County Functional Value Streams



Standardization Status

Presently, the standardization status for value stream business process has achieved a medium (“yellow”) or high (“green”) degree of standardization and is mostly medium for system standardization.

Functional Value Stream Standardization Status

Area	Business Process Standardization	System Standardization
Procure-to-Pay Value Stream	●	●
Billing-to-Cash Value Stream	○	○
Hire-to-Retire Value Stream	○	○
Budget-to-Report Value Stream	○	○
System Security & Controls	●	○

Standardization is the discipline of analyzing and standardizing business processes and their components in terms of effectiveness, efficiency and added value contribution to the objectives of the business and includes these elements:

- Business processes and enabling systems are functioning without cumbersome or inefficient workarounds;
- Users are trained and there are standard work processes developed and being followed across county agencies;
- Agency and customers are engaged to help prioritize and address major issues and problems and feedback is obtained on their level of, satisfaction;
- Standard protocols are being followed for system access and security; and
- The County is moving towards best practices as it leverages the capabilities of the enabling technologies.

As shown in the chart above, Procure-to Pay value stream and System Security & Controls have met a high degree of standardization for business processes, based upon the criterion identified on pages 20-21 of this report. However, not all of the process areas have reached a high level of standardization, as reflected by the yellow indicators. The key factors for being successful in standardizing business processes include: (1) having end-to-end business process standards that are well defined and mapped; and (2) ensuring that senior leaders take full ownership for their department's adherence to the new standards, with metrics used to report on variances from the standards; and (3) implementing the principles and practices of Lean continuous improvement to create efficiencies, solve problems and add customer value within all value streams.

The County has further enhanced standardization by ensuring that Oracle EBS and PeopleSoft have timely upgrades. The Oracle Patch project was completed in June 2015 including the implementation of nearly 120 patches, four new BI Publisher reports and nine report enhancements. This supported the accounting community in providing reliable information and efficiencies. For Oracle EBS, a new tool was used to reduce the testing time for patches by 50 percent and there was improved operational reliability of the Oracle EBS reporting tool Discoverer during the 2015 year-end process. A new application release set methodology, i.e. patching methodology, known as PUM (PeopleSoft Update Manager) was included in the new PeopleSoft version. Under this new paradigm, Oracle releases an entirely updated set of code every 10 weeks, allowing the support team to meet changing business needs more rapidly by enabling the PeopleSoft support team to apply supplied application updates with greater frequency and regularity.

The next section of this report provides an update to the 2015 key initiatives and how King County is meeting our goal of standardization within each value stream.

SUMMARY OF 2015-2016 KEY INITIATIVES BY VALUE STREAM

Procure-to-Pay Key Initiatives Timeline with Milestones

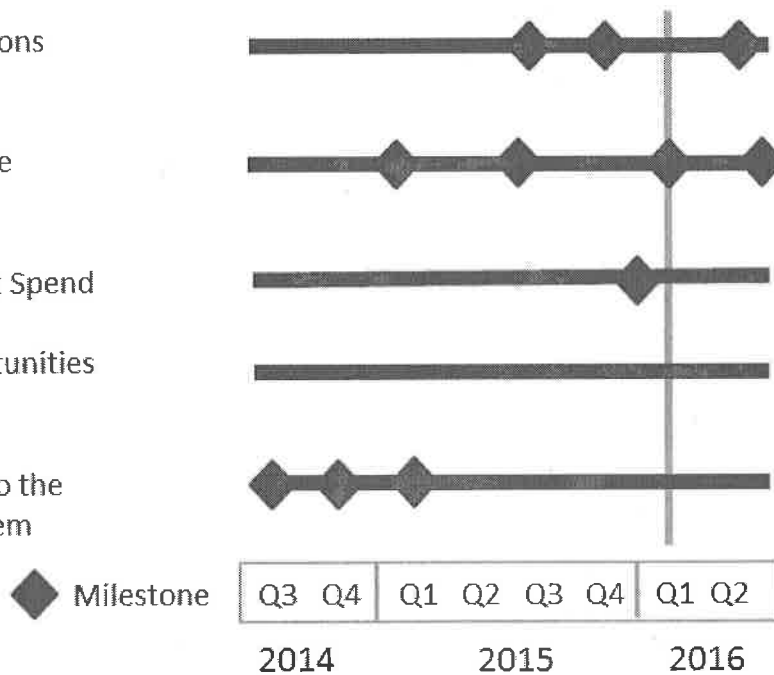
1. Standardize Use of Requisitions and P-Cards

2. Reduce the Cycle Time in the Procurement Process

3. Maintain Preferred Contract Spend

4. Improve Contracting Opportunities for Small Businesses

5. Incorporating the SOAW into the Request for Service (RFS) System



1. Standardize Use of Requisitions and P-Cards (the “Requisition it Right” initiative)

Standard work definitions for this initiative were developed in order to establish the preferred purchasing method for goods and services in the County. Training sessions were conducted throughout the county to educate users to these standard work definitions and instructions provided to agencies on when PCard use is an appropriate method for purchasing. This information is part of ongoing training provided by Procurement and Payables. A methodology is under development to monitor adherence to the guidelines. This will primarily consist of random spot checking of purchases for goods and services.

Milestones: Q3 2015 – Develop “Req it Right” training, Q4 2015 – Ongoing Deliver training, Q2 2015-Q2 2016 – Develop monitoring metrics and adherence monitoring program.

2. Reduce the Cycle Time in the Procurement Process

Leveraging the work done in 2013 and early 2014, a Lean pilot project involving collaboration between FBOD and WTD has focused on ways to reduce the cycle time for Architectural and Engineering procurements. Work in 2015 focused on streamlining the evaluation phase of the procurement process. Process efficiencies have reduced the cycle time for the evaluation phase from an average of ten weeks down to two.

Milestones: Q1 2015 – Scope development and planning, Q2–Q3 2015 – Evaluation Phase, Q4 2015–Q1 2016 - Scope of Work, Q2–Q4 2016 – Negotiation, Request for Advice/Proposal (RFA/RFP), Small Contractors and Suppliers (SCS) Q4 2016 – Implementation

3. Maintain Preferred Contract Spend

Procurement continues to surpass the “Best-in-Class” benchmark of 79% for on-contract spend, with King County being well above at 96%.

Milestones: Q4 2015 – Ongoing

4. Improve Contracting Opportunities for Small Businesses

The 2015 Regional Small Contractor and Supplier (SCS) certification program outreach strategies included a goal of achieving a certified pool of at least 2,000 SCS firms by year end. That goal was surpassed with 2,331 firms certified in 2015. FBOD accomplished this with the help of our agency partners in the regional certification program, to include the Port of Seattle, Sound Transit and Seattle Colleges. King County administers the regional one-stop certification program that allows a business to complete a single application to become eligible for contracting opportunities offered by the four partners. Other highlights from 2015 include increasing the number of contracts and dollars awarded to certified SCS firms using the Small Business Accelerator program. The program allows small firms to compete among themselves for designated contracts. In 2015, the county awarded 8 contracts totaling \$2.8 million to certified SCS firms using the Accelerator, an increase from 1 contract award valued at \$0.5 million in 2014.

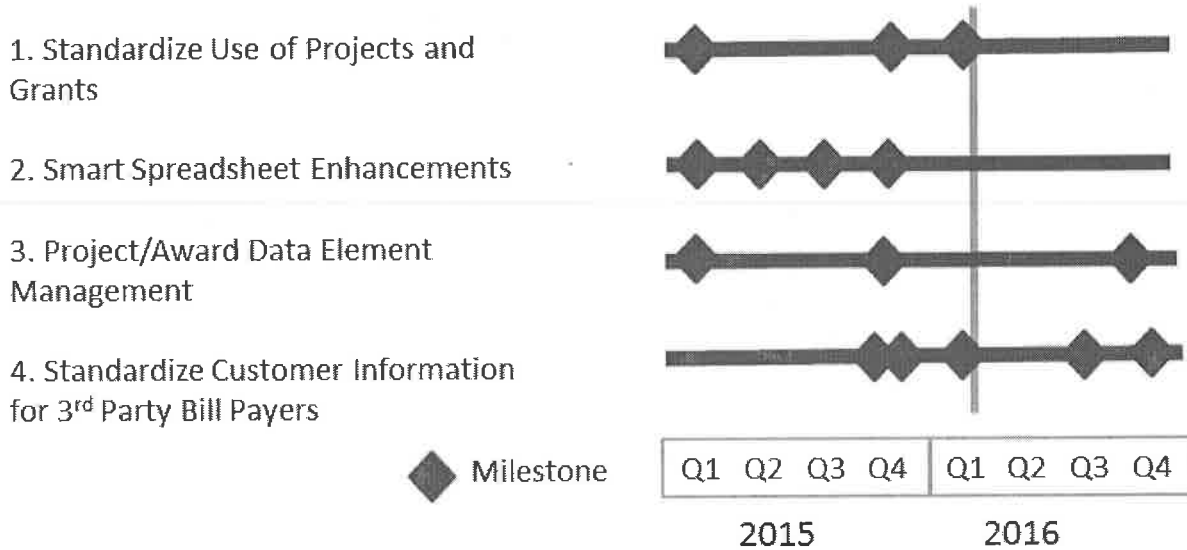
Milestones: Ongoing

5. Incorporating the SOAW into the Request For Service (RFS) System

An improvement to the internal customer experience, the Subcontracting/Apprenticeship Opportunities Analysis Worksheet (SOAW) that is a required element for all formally advertised contracts, has been automated, eliminating the manual approval process and resulting in a significant reduction in cycle-time from 1-2 weeks to 2-3 days. The added value in shifting to a technological solution is that customers can now view the status of their SOAW submittal online in the Request for Service system.

Milestones: Q3 2014 – Project scope, schedule, and system requirements defined, Q4 2015 – Review, analysis and design, Q1 2015 – Testing, training conducted, and SOAW approval process is deployed.

Billing-to-Cash Key Initiatives Timeline with Milestones



1. Standardize Use of Projects and Grants

Standard definitions for cost center, project and program were defined and socialized in early 2015 to FBOD and the agencies. The Project and Grants Unit conducted agency site visits and surveyed the project and grants community to understand how the projects data elements are used and the results were incorporated into either the definitions or the related documentation. The data standards and definitions were published for King County staff to provide education and create discipline in the Oracle EBS accounting system. The Project and Grants Unit made progress on monitoring the set-up of awards in the Project Accounting Module in Oracle EBS. The Projects and Grants Unit has made significant progress in improving the reliability of the Schedule of Expenditures of Federal Awards (SEFA) by collaborating with the BRC, and requirements gathering with the agencies, to develop a report that replicated the SEFA that was produced directly out of the accounting system, Oracle EBS. The report contributed to decreasing King County’s Single Audit findings and exit items by 50% and 57% respectively, over the prior year. King County was presented with the State Auditor’s Stewardship Award in recognition of improving compliance with federal grants reporting requirements.

Milestones: Q1 2015 – Agency site visits conducted; Q4 2015 – Accrued expenditures are recorded into PA Module with new Accrual Smart Spreadsheet; Q1 2016 – Data definitions are incorporated into policies.

2. Smart Spreadsheet Enhancements

FBOD and the BRC partnered to develop a standard business process with new “Smart Spreadsheets” for project transactions that will help keep the PA module and GL Module in balance and provide user edits to help reduce the errors uploaded into the system. These Smart Spreadsheets have many enhancements over the previous versions given that the entered data is validated upon entry into the spreadsheet and helps users enter correct information which prevents incorrect information from being uploaded into the Oracle EBS system.

Milestones: **Q1 2015** – New Smart Spreadsheet designed and developed; **Q2 2015** – Smart Spreadsheets tested; **Q3 2015** – Miscellaneous and Usage Transactions are recorded into PA Module Smart Spreadsheet; **Q4 2015** – Accrued expenditures are recorded into PA Module with new Accrual Smart Spreadsheet.

3. Project/Award Data Element Management

Progress has been made to monitor the set-up of awards in the Project Award Module in Oracle EBS. Initial work has been done for the first two quarters of 2015 to establish a baseline to identify errors in award set up. Next steps include using this data as analysis for training the agencies on their proper award set up. Going forward, the Projects and Grants Unit will monitor the data to decrease the error rate in award set up. In addition, detailed procedures on award setup were developed and trained in 2015.

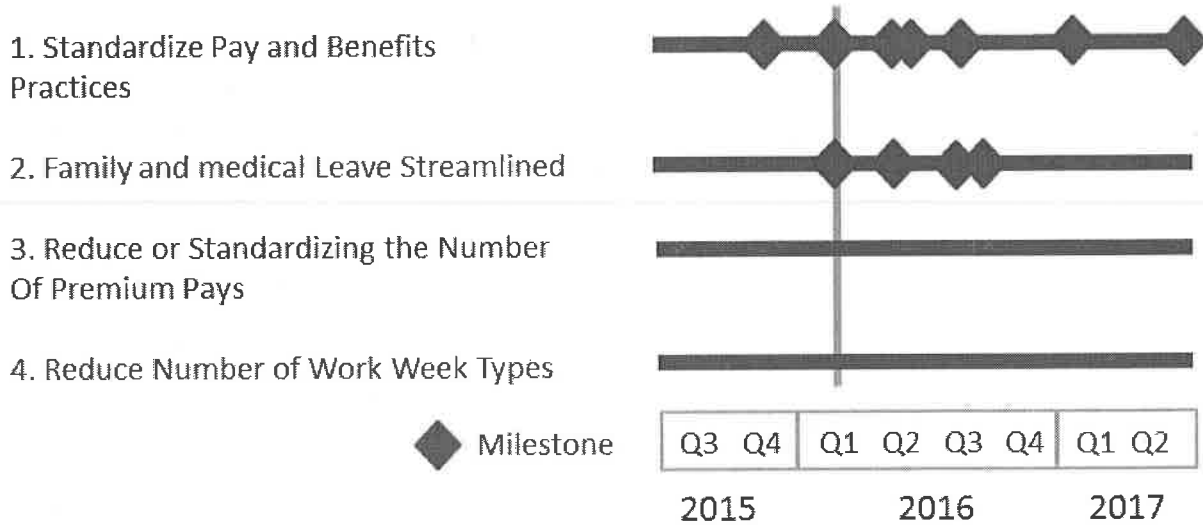
Milestones: **Q1 2015** – Developed detailed SEFA instructions, **Q4 2015** - SEFA training and workshops, **Q1 2015 - Q4 2016** - Site visits to help agencies develop SEFA.

4. Standardize Customer Information for 3rd Party Bill Payers

FBOD is working on building efficiencies into the 3rd Party Bill Pay process by converting bill payer checks from paper to an electronic file that will heavily reduce the need for manual entry. There are two phases, the new bill pay software will be implemented for AR during the first phase to handle unapplied rejects and then for Treasury during the second phase to handle property Tax payments. This project will introduce efficiencies for King County staff yet to be completely transparent to the customer.

Milestones: **Q4 2015** – Current state mapping assessment; **Q4 2015** – Technical requirement and analysis defined; **Q1 2016** – Solution determined; **Q3 2016** – Development and testing performed; **Q4 2016** – Solution implemented for Accounts Receivable.

Hire-to-Retire Key Initiatives Timeline with Milestones



1. Standardizing Pay and Benefits Practices

King County is continually striving to reinvent how the county approaches processes and practices and improve efficiency and effectiveness of our pay and benefits practices. The long-term goal is to have clear, consistent and standardized (to the greatest extent possible) personnel policies and pay practices that (a) are fair and equitable across employees, (b) create sustainable and predictable financial obligations, (c) provide employees with choices to meet their individual needs, and (d) promote learning, growth and flexibility. A large portion of the effort to standardize is transitioning the remaining agency, King County Sherriff Office (KCSO), and one work unit of Seattle King County Public Health (SKCPH), Emergency Medical Services (EMS) paramedics, to the Bi-Weekly Pay Cycle. Preliminary investigations and discussions took place in 2015, communicating the benefits of changing their pay cycle and agreement was made with these agencies to move forward with the initiative. Bargaining for the Paramedics took place in 2016 with an implementation plan set to be developed by mid-year and implementing the change to Bi-Weekly for the Paramedics in 2016 and KCSO to follow in 2018.

Milestones: Q4 2015 – Preliminary Discussions with KCSO and EMS, Q1 2016 – Implementation Plan Developed for EMS, Q2 2016 – Bargaining Completed for EMS, Q3 2016 – Implemented for EMS. Q2 2016 – Bargaining Completed for KCSO, Q1 2017 – Implementation Plan Developed for KCSO, Q1 2018 – Implemented for KCSO.

2. **Family and Medical Leave Streamlined** Creating standard leave administration practices is in response to a performance audit recommendation that will create efficiencies in the leave process for the administrator and reduce ambiguity for employees. King County approved the ordinance in December 2015, with agreement of the KC Council, to implement FMLA/KCFML concurrency on August 1, 2016.
- Milestones:** Q1 2016 – Develop Project Plan, Q2 2016 – PeopleSoft revisions and current policies and documents revised, Q3 2016 – New leave tools developed, Q3 2016 – Change management/communication. Q3 2016 – Training for human resource and timekeeping staff Q3 2016 – Implement system changes, Q3 2016 – Monitor implementation.

- 3. Reducing or Standardizing the Number of Premium Pays** The complexity of our current personnel system – including multiple pay and benefits practices as outlined in various agreements with our union partners –impacts our ability to pay our employees efficiently and cost-effectively. In an effort to simplify pay practices and reducing the cost of administering pay, benefits and leaves, King County intends to standardize pay practices, which include reducing premium pays while still maintaining some flexibility to aid in the recruitment and retention of employees. This is subject to Total Compensation agreement.
Milestones: TBD (part of standardizing pay and benefit practices above)
- 4. Reduce Number of Work Week Types** Reducing and standardizing the number of Fair Labor Standards Act (FLSA) work weeks is important, in addition with the commitment to implement Paid Parental Leave, FML/KCFML concurrency, Total Compensation agreement. King County has moved this work to a lower priority as the cost and effort of implementing work week changes and the disruption to employees can be significant. King County will not start examining this issue until 2017, after the Total Compensation implementation.
Milestones: TBD (part of standardizing pay and benefit practices above)

Budget-to-Report Key Initiatives Timeline with Milestones

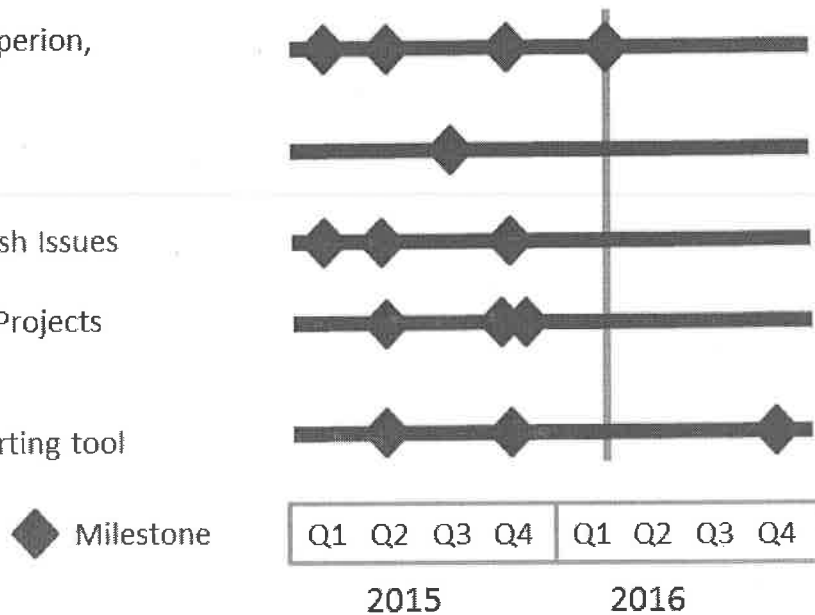
1. Improve Reporting in Hyperion, PIC and EBS

2. Data Input Project

3. Addressing Nightly Refresh Issues

4. Reducing Complexity of Projects and Grants Configuration

5. Replace Enterprise Reporting tool



- 1. Improve Reporting in Hyperion, PIC and EBS:** In 2015, Hyperion improvements included implementation of a new Planning application, reporting database and interface technology. The objective of this project was to improve system performance, provide additional reporting capabilities and minimizing the amount of time needed to process data. Efficiencies achieved include a reduction of time required to perform key calculations, aggregations, data pushes from the planning cube to the reporting cube, and reduced time to calculate/allocate compensation budgets. Additional tools implemented for Hyperion included: “Hyperion Financial Studio” and “Smart View Standard Templates,” to provide users the ability to retrieve more detail out of Hyperion for standard reporting and creating custom queries.
Milestones: **Q1 2015** – Develop Project Plan, Gather Initial Reporting Requirements, Develop Design of New Hyperion Application, **Q2 2015** – Complete Build and Test of New Application, **Q4 2015** – Gather Detailed Reporting Requirements, Complete Build of New Reports, **Q1 2016** – Complete Testing of New Reports.
- 2. Data Input Project** System improvements were implemented in Hyperion to reduce the level of effort for position data input and improve accuracy of data to allow for position budgeting. The number of steps needed for adding a new position was reduced from 46 to 16 and efficiencies were achieved due to the decrease in calculation time.
Milestones: **Q3 2015** – Gather Data Entry Requirements, Complete Design and Build of New Input Tools
- 3. Improve Discoverer Reporting Availability** The BRC developed a secondary reporting database for Discoverer to address the nightly refresh issues because the reporting database was exceeding the 8AM reporting availability start time. Year-end reporting has improved significantly for 2015 since the new PA tables have been redesigned.
Milestones: **Q1 2015** – Develop Project Plan, **Q2 2015** – Design and Test new reporting database, **Q4 2015** – New reporting database implemented.

4. Reducing Complexity of Projects and Grants Configuration

Standard definitions for cost center, project and program have been defined and socialized. Surveys were sent out and comments incorporated into either the definitions, the new cost center request form or on the Q&A companion document that accompanies the definitions, available to FBOD and the Agencies.

Efficiencies were achieved with the new tool for the Oracle EBS accrual processes. The new PA Accrual Smart Spreadsheets were introduced, with two enhanced levels of edits that significantly reduced errors, along with a new requisition process for actual expenses coming into Projects and Grants which greatly reduced the number of Schedule of Expenditures of Federal Awards (SEFA) errors associated with prior year payments.

Milestones: Q2 2015 – Published definitions and Processes, Q4 2015 – PA Accrual Smart Spreadsheets.

In the effort to reconcile Project Accounting to the General Ledger (GL), FBOD created an off-line tool to help the agencies reconcile the sub ledger to the GL. Workshops were originally conducted in 2014, with approximately 130 staff being trained with ongoing support provided by the Financial Systems Unit (FSU). Workshops will continue in 2016 with an emphasis to reconcile the sub ledger to the general ledger on a quarterly basis. **Milestones:** Q4 2015 – On Going Training provided.

5. Replace Enterprise Reporting Tool

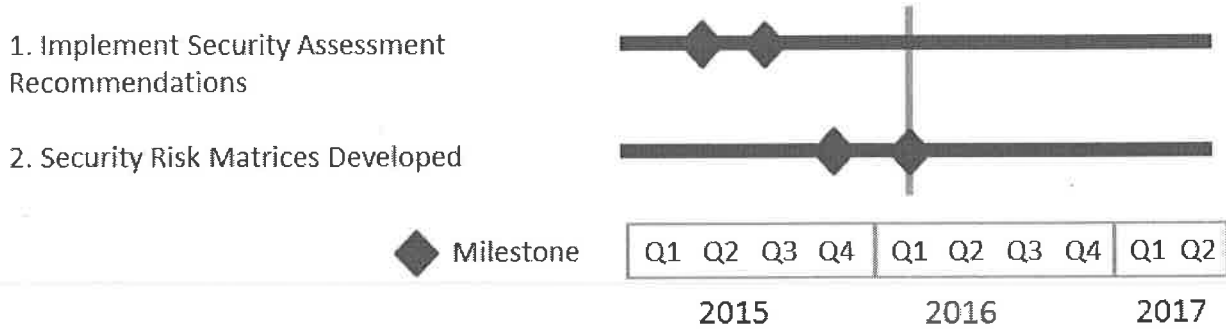
Discoverer, Oracle's ad hoc reporting tool, will no longer be supported by Oracle in 2017. Implementing a new Business Intelligence (BI) product will provide King County the continued ability to obtain information out of the EBS application and mitigate the risk of Discoverer tool system failure and/or potential financial audit findings.

A new enterprise reporting solution was in the Planning Phase during most of 2015 that involved a focus group of FBOD, PSB, HRD, BPROS and senior agency finance managers to work with the BRC. Detailed business requirements sessions were conducted to gather new enterprise reporting solution requirements by obtaining the current state of financial reporting in Hyperion, PC and Oracle EBS as well as in PeopleSoft. These workshops identified the current reporting issues, often times manual effort that introduces risk, when querying financial and HR/Payroll information out of the various systems.

The Proof of Concept (POC) Planning Phase began in Q4 2015 with POC Process and Timelines mapped out for the Build in Test Solution Phase for 2016.

Milestones: Q2 2014 – Validate problem definition and agree on go forward steps and approach, Q2-Q4 2014 – Reporting assessment, solution alternative analysis and recommendations, Q4 2015 – Requirements gathering and scope development, 2016 – Proof of Concept and Data Governance; Decision on funding for project acquisition and implementation phase.

Security Systems and Controls Key Initiatives Timeline with Milestones



1. Separation of Duties (SOD) Remediation Process: Implement set of “Quick Wins” recommendations from the Jeffrey Hare assessment

Implement a set of "Quick Wins" recommendations identified in the security assessment by consultant Jeffrey Hare. Benefits include establishing the standard business processes and rules necessary to implement and maintain the improvements. For example, the county will adopt a standard naming convention for roles of staff in Oracle EBS; clarify access controls and communicate to user community; document existing security configuration and new configuration changes; and form a security steering committee to prioritize and oversee critical work activities.

Milestones: **Q2 2015** Develop set EBS reports to provide security documentation needed to manage ongoing security controls, **Q3 2015** Design and implement in EBS a set of security solutions, “Quick Wins” to reduce security risks in EBS as identified in the assessment.

2. Internal Control Matrix Developed

Develop security risk matrices to identify which risk conflicts need to be fixed by conflict type; an example of a risk conflict would be if a single user has access to multiple EBS responsibilities that have functions that create a segregation of duties conflict.

Milestones: **Q4 2015** Analyze security risk data from the assessment, **Q1 2016** Develop security risk matrices to identify which risk conflicts need to be fixed by conflict type, Develop set of queries to expose details of each conflict, for example which users have specific combination of access privileges (Responsibilities) that together create a segregation of duties risk.

ADDRESSING REMAINING PAIN POINTS

In accordance with the 2015/2016 budget proviso, an update is provided on each pain point identified in the 2014 proviso response report, King County Enterprise Systems 2014 Budget Proviso Report: Oracle EBS, Hyperion, and PeopleSoft Standardization Status, Metrics and Work Plan, adopted by Motion 14228.

FBOD, PSB, HRD and BRC managers have addressed or are addressing the system or business process major “pain points” that remain. The remaining issues below are currently being worked or are planned to be addressed in the future.

EBS System Design and Set-Up Decisions

Original EBS design decisions related to system setup of the Accounts Receivable and Projects modules have resulted in some business inefficiencies, unintended data growth and an initial degree of frustration for agency customers, particularly for those who receive federal funds for specific programs and projects and/or use the Projects module for billing to other jurisdictions. The areas identified as pain points in the 2014 report and progress made in each area is listed below.

- **Methodology for capitalizing assets from the Oracle EBS Projects module to the Oracle EBS Fixed Asset module**

During Q4 2014, the auto accounting rule in Oracle EBS was changed to send capital project expenses to the appropriate expense accounts rather than to the Work In Progress (WIP) account. This allows for the proper presentation of the capital expenditures on the financial statements. FBOD is currently working on standard processes detailing when the PA Module is used for capitalization. FBOD, PSB, and the BRC are partnering to document the PA capital budget procedures regarding appropriation awards, grant awards, master projects and subprojects to standardize capital processes among the agencies with capital assets.

- **Level of labor detail utilized in the Oracle EBS Projects module**

When the Oracle EBS Projects module was implemented there was confusion around burdening and loan-in and loan-out processes. FBOD provided training and guideline around burdening and loan-in and loan-out processes. As King County matures in using the EBS projects module, the county finance personnel have become more proficient in these processes. There are a few agencies that need more assistance in this area and FBOD will continue to work with them to improve their processes.

- **Setup for awards in the Oracle EBS projects module**

The Projects and Grants Unit (PGU) provided training on award set up and continue to work with agencies to improve the award set up. PGU also performed a baseline analysis on the set up of awards during 2015. Based on the metrics, PGU will approach more targeted training and outreach to further improve the award set up. Please see the metrics discussion for more detail.

- **Invoicing and billing choices that were made in the Oracle EBS Accounts Receivable and Projects modules**

To streamline the billings for King County Superior Court (KCSC), an effort was made to create an electronic interface into Oracle EBS, automating the creation of Family Court customers and invoices into the Accounts Receivable web-based interface. Currently customer updates are manually done by FBOD Accounts Receivable, which is time-consuming and inefficient. FBOD, Family Court Operations (FCO), and the BRC worked through many iterations to get the data to flow into Oracle EBS but the interface solution available did not meet the KCSC’s need. To meet KCSC’s need, a

significant modification to the interface solution is required. Any changes to the interface solution will impact other customer agencies. FBOD and the BRC will re-evaluate the work in 2017.

EBS System Defects and Release Set Strategy

Since 2013, the BRC has adopted a standard work program for Oracle EBS to apply the latest Collection Patch Sets to fix bugs and incorporate Oracle-released improvements. Maintaining the current patch and code levels optimizes King County's financial investment by delivering a higher degree of system reliability and usability for end users. By applying lessons learned and obtaining a tool to minimize manual efforts, the BRC has been able to reduce the timeline for Annual Patch Updates by 42% and the cost by 55%. Annual savings is approximately \$258,000, where the savings reflects the reduced number of hours: (1) spent by the analysts to accomplish the same activity manually; and (2) testing non impacted functionality.

The Oracle EBS Release Set Strategy, which bundles and implements corrections and enhancements, has been operating successfully for over two years. The BRC teams use visual Kanban boards and stand-ups to support team collaboration and communication as well as assess and discuss progress and road blocks. Regular meetings occur between the BRC, our business partner (FBOD), and agencies to discuss priorities and determine key enhancement and standardization initiatives. End User communications regarding fixes and improvements to Oracle EBS have also been standardized to align with each Release, including additional information or training as needed. The Release schedule, End User Release communications, and other system announcements and outages are maintained and published regularly on an internal SharePoint Site for customers. In addition, the BRC regularly participates in and/or makes contributions to the Finance Manager's meetings, the Reporting User Group, the Procure-to-Pay Forum, the Grants Financial Management Group, and Year-End activities providing enhanced transparency, accessibility, and support to customers.

System emergencies such as Oracle EBS interface or module functionality unavailability have stayed consistent at 12 per year in 2014 and 2015. Two thirds were a result of Oracle programming bugs and one third related to urgent custom code changes or fixes to meet immediate business needs.

PeopleSoft Upgrade and Update Manager

The last upgrade of PeopleSoft was from version 9.0 to 9.2 that occurred in October 2014. The main driver of the PeopleSoft upgrade was that vendor support for the 9.0 release level was ending in 2015. This meant that payroll tax rates in the system would have become inaccurate causing incorrect tax amounts to be withheld.

King County is now using a fully supported version of the system. Oracle's stated direction regarding PeopleSoft Update Manager is to continuously update version 9.2. Using the PeopleSoft Update Manager, the King County support team intends to apply a "full" release set and PeopleTools upgrade to the system at least annually, but not less than once every two years. This is in accordance with Oracle recommendations⁴.

The PeopleSoft automated Testing Framework solution that provides automated testing functionality, was implemented with the 9.2 upgrade. This will help to standardize the testing process and reduce the risk of human error. In addition, the time it takes to properly test changes to the PeopleSoft application should decrease. As of December 2015, there have been 1,155 Vendor updates and 102 King County custom modifications introduced to either correct existing defects or enhance this functionality.

⁴ PeopleSoft Update Manager Document 1641843.2, Best Practices / Maintenance Strategies

A new application release set methodology, i.e. patching methodology, known as PUM (PeopleSoft Update Manager) was included in the new PeopleSoft version. Under this new paradigm, Oracle releases an entirely updated set of code every 10 weeks. It is then up to the County to either apply the entire release (to be 100% up-to-date), or pick components and apply a “selective” release. This feature allows an increase in the frequency of applying feature packs and minimizing length of future upgrades; reduces the need to resolve issues through custom development; and allows the support team to meet changing business needs more rapidly by enabling us to apply PeopleSoft supplied application updates with greater frequency and regularity.

STANDARDIZATION METRICS BY FUNCTIONAL VALUE STREAM

Functional Value Stream Standardization Status

Standardization is the discipline of analyzing and standardizing business processes and their components in terms of effectiveness, efficiency and added value contribution to the objectives of the business and includes these elements⁵:

- Business processes and enabling systems are functioning without cumbersome or inefficient workarounds;
- Users are trained and there are standard work processes developed and being followed across county agencies;
- Agency and customers are engaged to help prioritize and address major issues and problems and feedback is obtained on their level of, satisfaction;
- Standard protocols are being followed for system access and security; and
- The County is moving towards best practices as it leverages the capabilities of the enabling technologies.

The following chart summarizes the current status of business process and system standardization for each of the business operations value streams, as well as the status of system security and controls.

Area	Business Process Standardization	System Standardization
Procure-to-Pay Value Stream	●	●
Billing-to-Cash Value Stream	○	○
Hire-to-Retire Value Stream	○	○
Budget-to-Report Value Stream	○	○
System Security & Controls	●	○

Business Process Status Standardization Criteria

● GREEN (HIGH STANDARDIZATION)

- Business process standards are fully mapped and well-defined
- Agency senior leaders have taken ownership of adopting business process standards
- Agency personnel understand and comply with standard business processes and report exceptions
- A complete set of online reference tools and guidance for business core processes are available and enable countywide standardization of processes
- Recurring process monitoring and continual process improvement initiatives are occurring on a recurring basis in most agencies
- Standard protocols are always being followed for systems access and security
- Agency feedback is used as a significant driver in issue prioritization

○ YELLOW (MEDIUM STANDARDIZATION)

- Business process standards are summarily mapped and defined
- Some agency senior leaders have taken ownership of adopting business process standards

⁵ King County Enterprise Systems 2014 Budget Proviso Report, May 30, 2014.

- Some agency personnel understand and comply with standard business processes and report exceptions
- Online reference tools and guidance for most business core processes are available and enable countywide standardization of processes
- Recurring process monitoring and continual process improvement initiatives are occurring on a recurring basis in some agencies
- Standard protocols are being developed for systems access and security
- Agency feedback is used as a driver in issue prioritization

● RED (LOW STANDARDIZATION OR NON-STANDARD)

- Business process standards are not mapped or defined
- Agency senior leaders have not taken ownership of adopting business process standards
- Most agency personnel do not understand or comply with standard business processes
- Online reference tools and guidance for a few business core processes are available
- Recurring process monitoring and continual process improvement initiatives are not occurring on a recurring basis in some agencies
- Standard protocols are not in place for systems access and security
- Agency feedback is not used as a driver in issue prioritization

System Process Status Standardization Criteria

● GREEN (HIGH STANDARDIZATION)

- Standard business processes are established and enabled by delivered ERP system functionality
- Design choices optimize business processes, Oracle best practice recommendations and system capabilities
- Prioritization process engages customers to prioritize and implement system changes and enhancements to meet customer needs within a committed timeline
- Customization is minimal to support essential business process requirements and efficiencies
- Application is maintained to current Oracle support levels
- Best practice technical standards, processes and systems documentation are mature and consistently applied

○ YELLOW (MEDIUM STANDARDIZATION)

- Standard business processes are in place but fixes are needed to improve speed, accuracy and efficiency goals
- Design and system best practice choices need to be revisited to ensure optimal use of ERP system capabilities with the most efficient use of county resources
- Customer priorities are surpassed by competing business, regulatory and/or labor contract requirements. Some commitments to timelines for delivered changes and enhancements are missed
- Customizations exist that can be replaced by delivered system functionality
- Application release level is maintained but some delays are experienced maintaining to current Oracle support levels
- Best practice technical standards, processes and systems documentation are developed but not consistently applied

● RED (LOW STANDARDIZATION)

- High level of customization is required because standard business processes or rules are not established
- BRC staff do not have the capacity to address design choices and have to devote a majority of time and resources to address critical issues in the application
- Customer priorities are not considered, or are overtaken by rework, or unanticipated regulatory and/or labor contract requirements

- Timelines to deliver changes and enhancements are frequently missed
- Application release level is maintained but frequent delays are experienced in maintaining to current Oracle support levels
- Best practice technical standards, processes and systems documentation are developed but not consistently applied
- System downtimes impact business performance and reliability

The table below shows the summary of metrics identified in the 2015 proviso response and status of each metrics. Some metrics were identified as initiatives which will be described under Summary of 2015/2016 Key Initiatives by Value Stream section. A few metrics were replaced by different metrics and noted in the status column.

Value Stream	Objective	Metrics	Status
Procure to Pay	Use the lowest cost purchasing method (“Req. it Right”).	<ul style="list-style-type: none"> • Adherence to standard (best fit) purchasing methods for purchase type • Dollar and transaction count using PCards 	Completed Completed
	Reduce the cycle time of Construction, Architectural/Engineering and Goods/Services Contracts to reduce costs and increase productivity for customers, and correctly resource for contract volume and category.	<ul style="list-style-type: none"> • Elapsed time for each stage of procurement process • Pending contracts at each stage • Increased productivity (e.g., more contracts completed annually) 	Completed In progress In progress
	Maintain a high usage of centrally negotiated contracts to ensure the best value/pricing for agency customers.	<ul style="list-style-type: none"> • On and off contract spend by agency • Representative examples of how agencies have obtained the best value/pricing or comparisons to other benchmarks in the industry. 	Completed Completed
	Improve contracting opportunities for small and disadvantaged businesses to sustain a growing and diverse economy.	<ul style="list-style-type: none"> • Number of certified small businesses • Number and dollar amount of contracts awarded to certified small businesses and disadvantaged firms 	Completed Completed
Billing to Cash	Standardize use of Projects and Grants Module to efficiently administer grants and bill customers.	<ul style="list-style-type: none"> • Proper award setup to match (restricted) revenue to expenditure • Staff time required to prepare the Schedule of Expenditures of Federal Awards (SEFA) • Audit findings and questioned costs 	Completed Completed Completed
	Reconfigure the Accounts Receivable setup in EBS to reduce delays in billing process and receipt of funds.	<ul style="list-style-type: none"> • Timely submission of grant billings • Timely receipt of funds 	Completed Completed
	Improve customer information with third party bill pay to efficiently apply payments to correct accounts.	<ul style="list-style-type: none"> • Dollar volume of unapplied cash (requiring research to manually apply to correct account) • Average time required to apply payments to customer accounts 	Completed Completed

Hire to Retire	Standardize pay and benefits practices to reduce administrative complexity and costs.	<ul style="list-style-type: none"> Agency adherence to payroll processing timelines Employees who opt for paperless electronic deposit Progress in transitioning all agencies to biweekly pay Number of manual checks 2014 auditor's recommendations addressed and the level of effort required to correctly administer family and medical leave benefits 	Completed Completed In progress Completed In progress
		<ul style="list-style-type: none"> Reducing or standardizing the number of premium pays Reducing or maintaining a lower number of work week types offered to employees 	TBD TBD
Budget to Report	Improve reporting in Hyperion, PIC and EBS so that managers obtain timely financial information for decision making.	<ul style="list-style-type: none"> Customer surveys to determine level of effort required to obtain timely and accurate information in Hyperion, Project Information Center (PIC), and Oracle EBS 	Completed
	Reconfigure Projects and Grants to improve comparative reporting within and across agencies.	<ul style="list-style-type: none"> Customer surveys to determine information quality and ease of reporting Dollar value of discrepancy between Projects and Grants and General Ledger needing to be reconciled Reporting system capacity to support year end closing as well as state and federal reporting 	Completed In progress Completed
	Replace custom reporting tool (Discoverer) to enhance financial reporting and decision making.	<ul style="list-style-type: none"> Metrics to be developed as part of the project's benefit achievement plan and implementation phase 	In progress
Security Systems and Controls	Continue to implement Security Assessment recommendations.	<ul style="list-style-type: none"> Internal control matrix established to support compliance with separation of duties 	In progress
		<ul style="list-style-type: none"> Review process in place to remedy invalid/conflicting separation of duties 	In progress
		<ul style="list-style-type: none"> Volume of EBS security configuration change requests 	Completed
		<ul style="list-style-type: none"> Number of terminated employees with active accounts 	Completed
		<ul style="list-style-type: none"> Average time to process security provisioning requests and changes 	Completed

Standardization Metrics
PROCURE-TO-PAY VALUE STREAM

Procure-to-Pay Value Stream	Business Process	System
Standardization	●	●

Procure-to-Pay Value Stream Description

The Procure-to-Pay value stream is responsible for providing equitable and value driven sourcing in the administration of county contracts. These contracts should be administered in accordance with legal requirements and county policy, and vendors should be paid timely in the most cost effective manner.

County employees want to purchase goods and services as quickly, efficiently and equitably as possible. Purchasing efficiencies at King County can vary greatly depending upon which procurement tool is used. One objective of this value stream is to lower costs by using the ‘right’ procurement tool for any set of purchasing circumstances from one of the following purchasing methods: Purchasing Card (PCard), EBS iProcurement ‘Store’, Direct Orders to the Vendor and via various contracting options.

Procure-to-Pay Value Stream Outlook

Based upon the criterion identified on pages 20-21 of this report, the Procure-to-Pay value stream has reached a high level of standardization regarding business processes. The key factors for moving from yellow to green include: (1) having end-to-end business process standards that are well defined and mapped with the FPIC initiative; and (2) senior leaders commitment to developing standard business processes and adherence to the new standards, with metrics used to report on variances from the standards; and (3) implementing the principles and practices of Lean continuous improvement.

The Procurement & Payables section within FBOD realigned staff resources in 2015 to better serve customers and support strategic initiatives across the entire procure-to-pay value stream. Synergies were achieved that drives more effective relationships with our suppliers and our customers.

The Procure-to-Pay value stream is well understood and is on a positive standardization track. In 2015 FBOD Procurement conducted training sessions throughout King County to educate users of the correct method for each procurement type identifying best methods to purchase (requisition) items for highest and optimal use of the Oracle EBS system, applying a less costly contract or PCard purchases, monitoring adherence to the new standards, and monitoring compliance with a standardized measurement. The FBOD procurement initiative (the “Req it Right” initiative) is for the most part complete. Training will be ongoing and an adherence and monitoring program is set to be completed in the second quarter of 2016.

Errors were tracked and counter-measures were employed with good results. The Accounts Payable and Procurement areas have robust metrics reported monthly which can be used to identify improvement opportunities.

As Procure-to-Pay value stream achieved high-level of standardization, there are additional system enhancements and/or modifications that are needed to move us towards optimization phase.

As part of the implementation of Oracle EBS, the decision was made to use the iExpense module for reconciliation of purchasing card (PCard) expenses. Because iExpense is primarily meant to report

personal expenses for reimbursement, the following pain points and constraints exist that impact the growth of the PCard program:

- iExpense does not integrate directly with Inventory and iProcurement, therefore inventory transactions must be processed using a standard Purchase Order and are not PCard eligible.
- iExpense is an employee reimbursement module. As such, the employee's name is a primary piece of information displayed in integrated modules such as Projects instead of a merchant or supplier name. More complex customization would be required to alter or add additional data elements in other modules. This makes tracking on grant funding difficult.
- Since iExpense is an employee reimbursement program and fields that are provided are geared more toward employee reimbursement which has become a training issue as well as a reporting issue. Currently there is only one field to provide additional information that cardholders must enter the proper data which cannot be filtered or sorted due to the inconsistency of the data provided. Although additional fields can be 'turned on' in the iExpense Module, thorough end-to-end testing must be performed to understand the impact to the integrated modules and financial reporting.
- iExpense and iProcurement are two standalone systems. Tracking of total contract spend has become a manual and difficult process.
- Some types of transaction errors can be challenging to catch upfront and automated reminders are not a delivered functionality. On a daily basis, PCard program staff manually sends information on transactions that have system errors or are past due to cardholders.

King County made a decision to have a single purchasing organization (Operating Unit) for the entire county in the design phase of ABT. Most agencies of this size have one purchasing organization for each agency. This crucial decision is causing or contributing to the following issues:

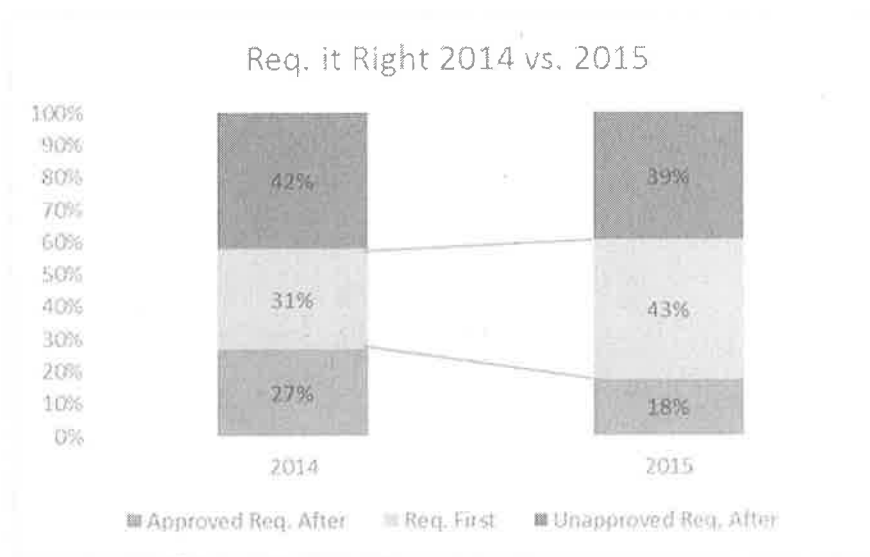
- Any agency can access other agencies' contracts. This causes a lack of transparency regarding the amount of off-contract spend that occurs and could result in agencies circumventing procurement rules by using other contracts in place of establishing their own.
- Oracle automatically assigns a CPA number when creating a purchase order if the field is left blank on the requisition. When this happens, rework needs to be done by buyers to correct the CPA number. Note that this issue is not the direct result of the County's design decision but is a continuing problem in the current functionality of Oracle EBS.
- Agencies run out of dollars assigned to their CPA due to other agencies using their contracts.
- A report for actual dollars spent per contract report is not available. Users must create manual reports to track contract dollars spent by their agency and verify their contract is not used by others.
- Creates a risk for contracts associated with grants by allowing them to be used by other agencies.

The ERP BI Analytics project is planning on implementing Procurement & Spend analytics and is intended to address some of pain points identified above. The ERP BI Analytics will also help ease the production of key metrics identified in this report.

Procure-to-Pay Standardization Status and Metrics EBS iExpense Module

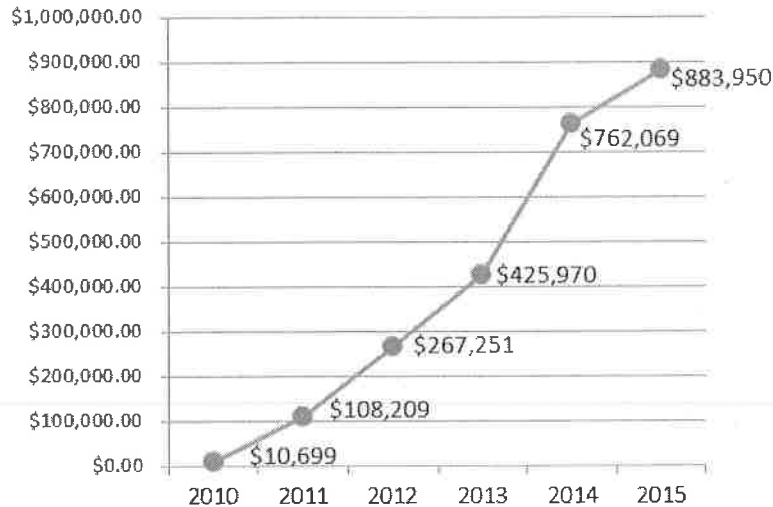
Adherence to standard (best fit) purchasing methods for purchase type

It is an industry best practice to requisition first before purchasing, except where PCard can be used. The County has identified types of purchase where it is appropriate to requisition after purchasing (for example, temporary labor and where a contract already exists). The target is for King County to requisition first 70% of purchasing when appropriate and the County is achieving 43% in 2015. The chart below shows the comparison between 2014 and 2015 that demonstrates an improvement based on training and outreach offered by FBOD's Procurement and Payables team.



In 2015, a total of 96,438 PCard transactions were processed for King County with the dollar total for 2015 of \$103,425,574. Using the PCard saves over \$70 per order when compared to the traditional requisition-to-check method. The county receives a rebate based on both the volume of purchases and the speed of payments. The rebates continue to increase year over year and a portion of the rebates is being used to fully fund the staff who administer the County-wide program.

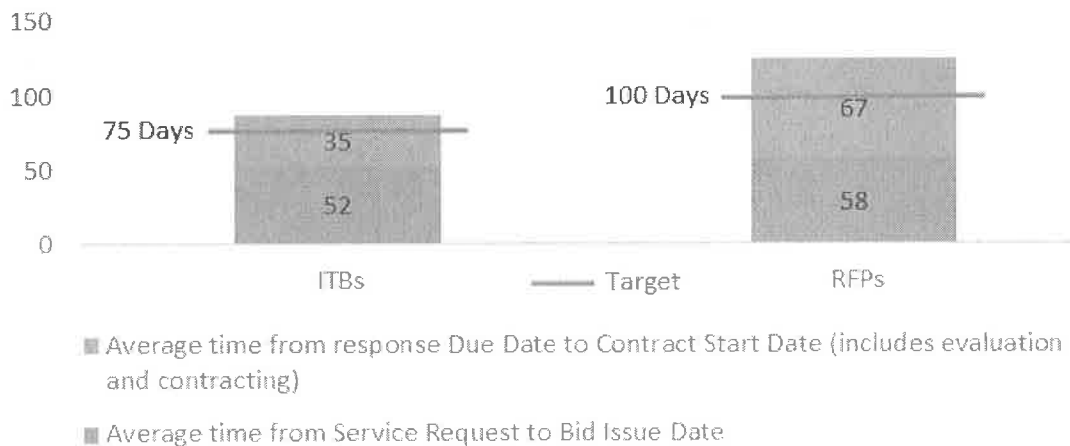
King County PCard Rebates 2010 - 2015



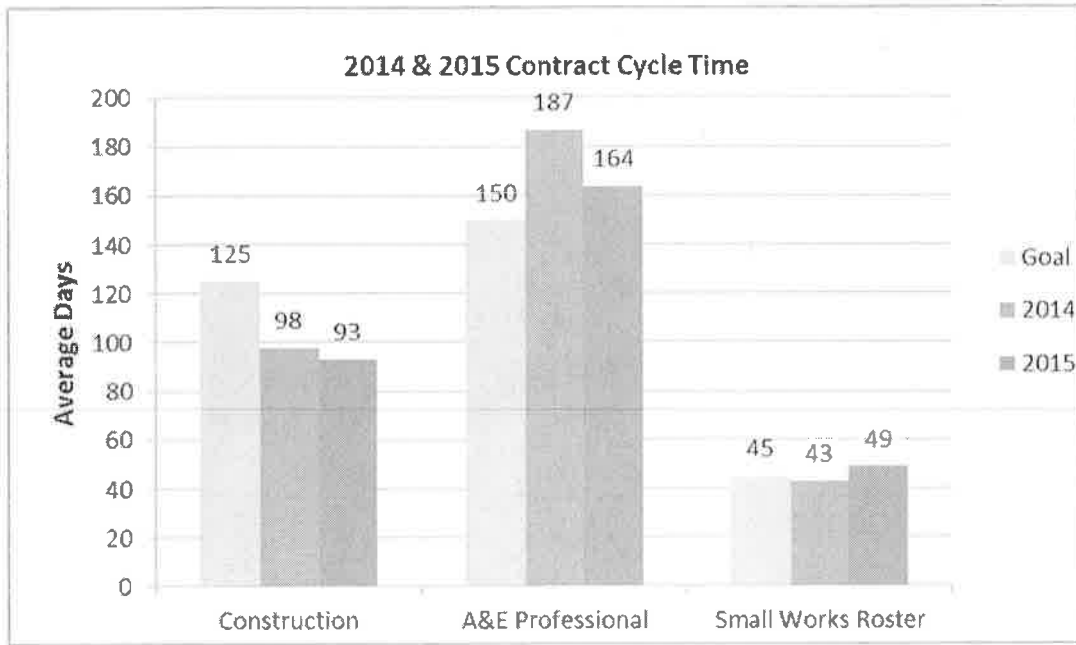
Procure-to-Pay Standardization Status and Metrics EBS iProcurement and Purchasing Modules

To establish the baseline measure for Goods and Services contract cycle time, the Procurement and Payables team sampled 64 contracts from 2015. The chart below shows the average number of days for each stage of the procurement process. The team is currently working with KC IT staff to automate data collection in the future in order to monitor our progress.

Average Cycle Time per Phase 2015 - Goods & Services



The Construction and Architectural/Engineering (A&E) contracts measured average cycle time for the overall procurement process. The cycle time is measured from the procurement start date to the contract execution date. The procurement reform initiative in 2011 set a goal for total cycle time for these procurements. This chart below shows improvement in meeting or continuing to move towards the cycle time goal.



In partnership with its customer agencies, FBOD has been working to establish a mechanism that will improve transparency about which stage procurements are in as they move through the process. Enhancements to an internal database (not Oracle EBS) have been identified and are awaiting development by KCIT. The enhancements will provide both FBOD and its customers with information regarding what action is currently being taken and who is responsible for that action. Procurements that are taking longer than agreed upon in any given stage will be shown as being “red” status. With these enhancements, FBOD will also be able to determine how many procurements are in each stage for construction, A&E, goods, and services.

Numbers of contracts FBOD executed in Construction and A&E are captured in the table below. The number of contracts is driven by the demand from the agencies and affected by economic factors.

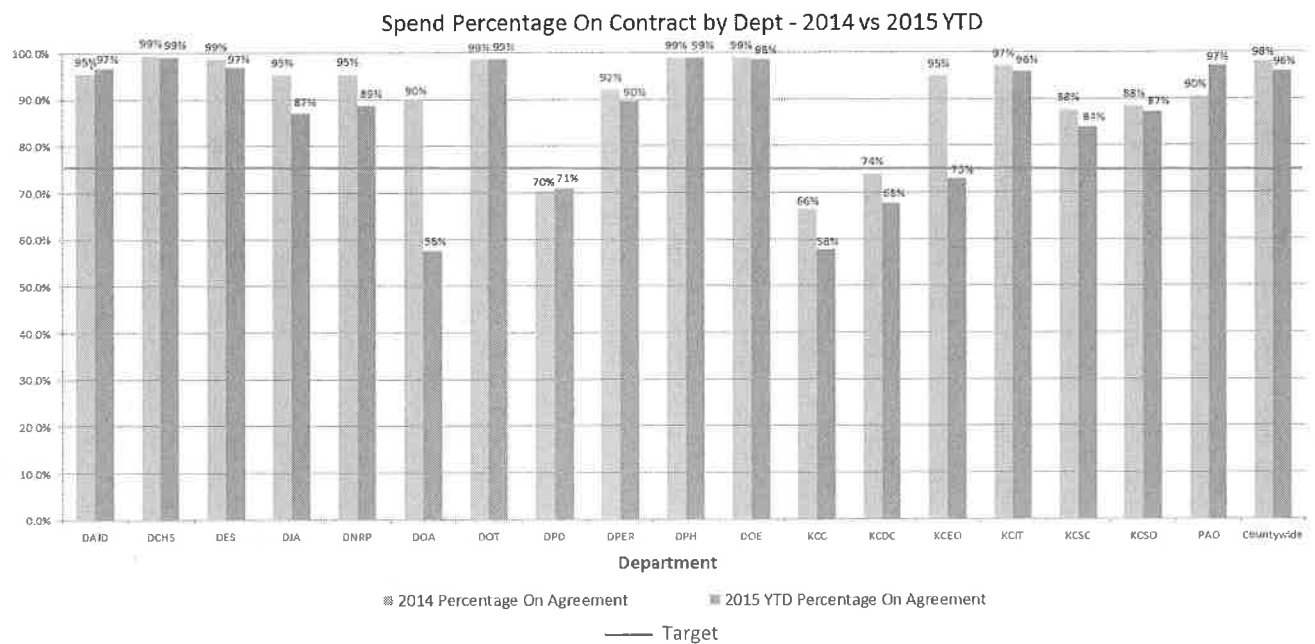
Construction and A&E Procurement Type	2014	2015
Construction	54	41
A&E	37	44
Small Works Roster	3	5
Total	94	90

Number of contracts executed by Goods & Services procurement team is shown in the table below.

Goods & Services Procurement Type	2014	2015
Invitations to Bid	82	72
Requests for Proposals	53	60
Others (RFI, waiver, RFQ, etc.)	86	169
Total	221	301

It is considered a best practice in the procurement industry to drive 75% or more of your organization’s spending to negotiated contracts with vendors (as opposed to having high levels of “off contract” spending with vendors that have not previously negotiated a formal contract with the County) allowing for faster processing.

As shown in the charts below, the county is achieving a very high rate of “on contract” spending and continues to drive spending to negotiated contracts that offer best pricing. Most purchase orders are linked to contracts allowing for faster processing.



Procure-to-Pay Standardization Status and Metrics EBS iProcurement and Purchasing Modules cont.

FBOD Procurement & Payables Section has been successful in negotiating the best value and pricing for the agency customers. The following two examples display the substantial savings for the county as a result of efforts by FBOD in conjunction with Transit.

Contract	Projected Fees	Negotiated Fees	Savings
State Fuels Contract Mgmt. Fee	\$348,000	\$8,500	(\$339,500)
State Buses Contract	\$4,800,000	\$800,000	(\$4,000,000)

State Fuels Contract Management Fee

Earlier this year the State had planned to initiate a competitive procurement for a new bulk fuels contract. After the County raised concerns about the planned procurement, including the County's concerns about the increase to the State's proposed management fee (from \$8,500/year to 0.74% of usage), the State decided to maintain the current contract and not revise the management fee. This resulted in \$339,500 estimated annual savings.

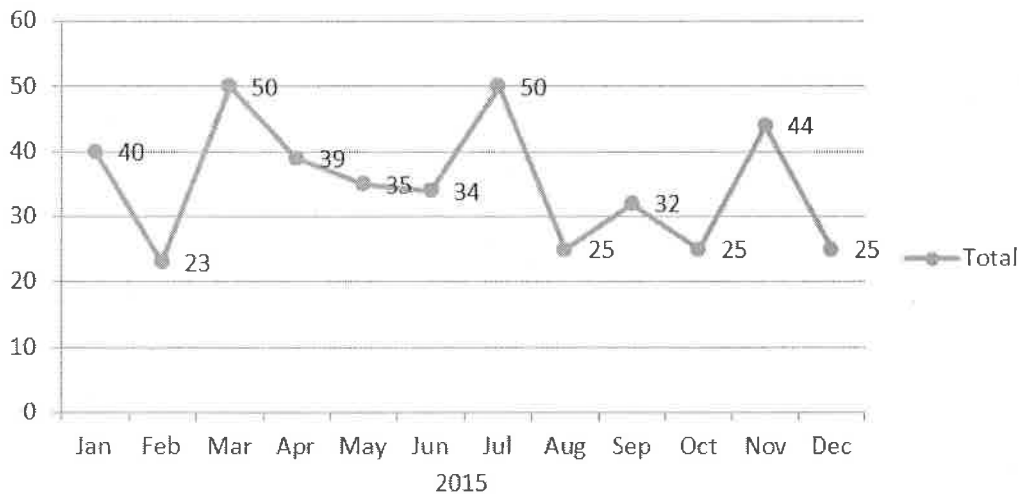
State Buses Contract

The State facilitated a procurement to establish a new contract for buses. King County staff from Procurements & Payables and the Department of Transportation was actively involved in the procurement process. The new procurement was to establish a management fee of 0.74% for each bus purchased off the contract. That would equate to approximately \$6,000 per bus. Based upon feedback from the County, the State implemented a more reasonable fee structure for the contract of \$1000 per bus – a savings of approximately \$5000 per bus. With the DOT estimating it will purchase 800 buses over the next five years, this is an estimated savings of \$4,000,000 over the five year period

Procure-to-Pay Standardization Status and Metrics Business Development and Contract Compliance

In 2015, the County achieved a fifth consecutive year of substantial growth in the number of certified Small Contractors and Suppliers. The chart on this page shows the number of small businesses certified monthly in 2015. Annual events such as the Regional Contracting Forum that is convened in the spring and the King County Executive’s Small Business Awards call for nominations each summer, followed by the event that is held in the fall, each contribute to increases in the number of applications received during these periods. The number of available certified SCS firms increased by 17% from 1,988 in 2014 to 2,331 in 2015. The County has existing partnerships with the Port of Seattle, Sound Transit and Seattle Colleges. A goal is to expand this “one-stop” regional service to other public entities.

Number of Certified Small Business



The Contracting Opportunities Program is one tool among many that King County uses to support the participation of small businesses in its contracting opportunities. The Contracting Opportunities Program applies incentives and requirements to county-funded contracts for goods and services, technical services, consulting, and construction services to promote the use of these small businesses. The program is augmented by the County’s existing federal small business programs. These federal small business programs include the United States Department of Transportation (USDOT) Disadvantaged Business Enterprise (DBE) Program, and the Environmental Protection Agency’s (EPA) Fair Share Program that includes Good Faith Efforts requirements and voluntary goals for the use of certified Minority Business Enterprises (MBE) and Women Business Enterprises (WBE). These federal programs support the inclusion of other “Certified” firms. The chart on this page shows data on the County’s use of all of these categories of “Certified” businesses.

All Certified Firms¹				
Reporting period: January 1, 2014 to December 31, 2014				
Certification Type	Goods and Services	Consulting	Construction	Total Contracts to Certified Firms
King County Small Contractors Suppliers	\$7,087,000	\$22,157,554	\$27,330,210	\$56,574,764
Minority Business Enterprises²	\$3,750,000	\$1,305,345	\$8,984,261	\$14,039,607
Women Business Enterprises	\$1,327,000	\$4,595,251	\$1,956,993	\$7,879,244
Disadvantaged Business Enterprises	\$2,427,000	\$2,093,328	\$6,403,036	\$10,923,364

¹ A business may possess more than one type of certification. For example, a business certified by King County as a Small Contractor and Supplier (SCS) may also be certified by the state of Washington as a Women-owned Business Enterprise (WBE). The total dollars for each certification type is reported separately.

² Includes Minority Business Enterprise firms certified by WA State OMWBE and Northwest Minority Supplier Diversity Council

Standardization Metrics

BILLING-TO-CASH VALUE STREAM

Billing-to-Cash Value Stream	Business Process	System
Standardization	○	○

Billing-to-Cash Value Stream Description

The Billing-to-Cash value stream is responsible for presenting customers and grantors a timely and accurate accounting of goods received and services rendered. It also provides for collection of payment to ensure continuation of county services funded through external revenue.

County agencies want to efficiently and effectively administer their grant and other revenue streams by billing their products and services as quickly and accurately as possible. Billing efficiencies at King County can vary greatly by agency depending upon the selected billing methodology and upon the standardization of the set-up of the grant data element called ‘award’ within the EBS system. For example, the easiest and most accurate grant billing that occurs in King County is via the Oracle EBS Project and Grants module and is called ‘cost-based billing’ which uses the system’s award data elements to track billable costs. The less efficient methodology is known as ‘event-based billing’ which relies upon external Excel spreadsheets to track billable costs.

‘Cost-based grant billing’ is preferable because grantor invoicing becomes an automated process based upon information already in EBS that is associated with the award data element for that grant. The automated process shows a clear link between the economic transactions that occurred and the information maintained in the accounting system which provides a transparent audit trail.

However, moving agencies toward ‘cost-based grant billing’ is a complex initiative because of the detailed body of work involved in the transition, and because overcoming the current reliance upon past-practices requires training, communication, agency buy-in and optimizing the system’s screening functionality. Key objectives in this biennium include: (1) standardizing grant set-up, billing and reporting via agency outreach and education; (2) reviewing the configuration of the Accounts Receivable module; and (3). building the capacity for presentment of invoices electronically. The effort for electronic billing is included in the second phase of the Electronic Bill Presentment for Property Taxes imitative.

Billing-to-Cash Value Stream Outlook

Based upon the criterion identified on pages 20-21 of this report, the Billing-to-Cash value stream has reached a medium level of standardization. The Billing-to-Cash value stream still has in place a very manual set of processes to apply cash to receipts and system generated invoices require a redesign for better customer usability.

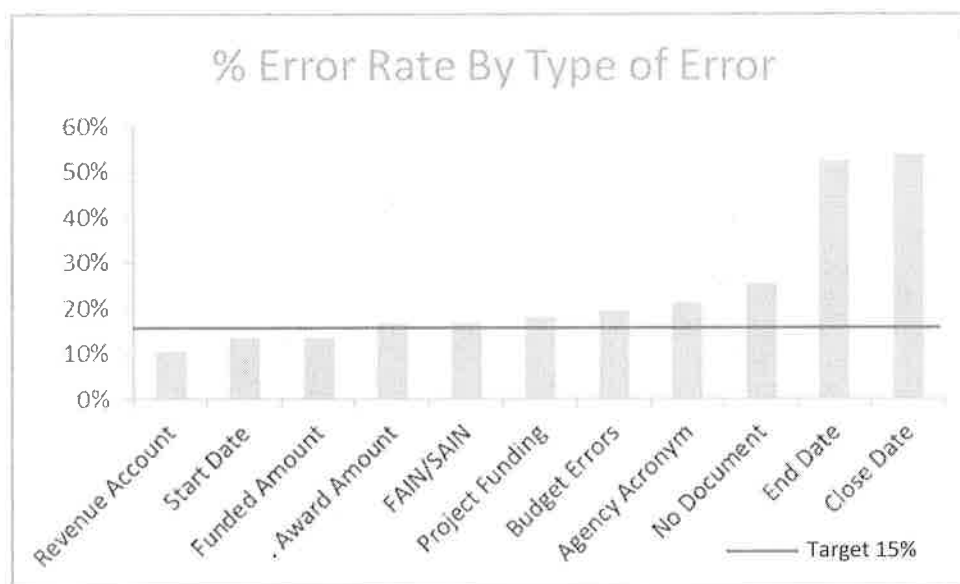
Implementing the configuration to restrict the types of costs that can be billed to the grantor has not occurred due to resources dedicated to other AR improvements such as the Smart Spreadsheet enhancements. Until the availability of time and IT resources allow us to revisit the AR configurations work, FBOD has provided training to the agencies that clarifies appropriate allowable costs for awards.

The Billing-to-Cash value stream will benefit from standard procedures in the projects module. The value stream will also benefit from the electronic receipt of a data file from the major electronic bill payer services that can be applied to customer accounts through an interface. Work is underway and slated to be

completed end of 2016 with the expected benefit of the interface will be to reduce the time to apply cash from 5 minutes to about 30 seconds.

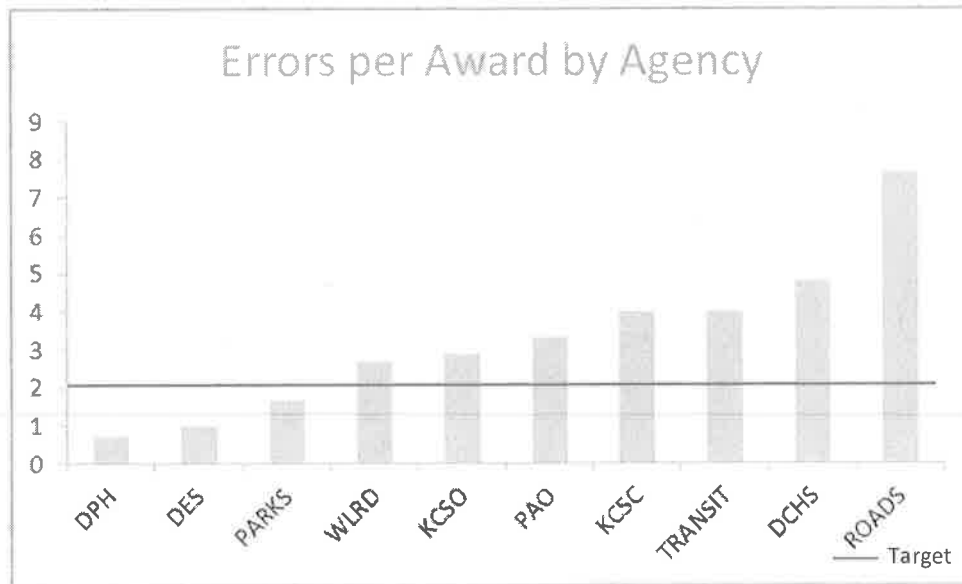
Billing-to-Cash Standardization Status and Metrics EBS Projects and Grants Accounting Module

To test the proper award set-up, a sample of 67 awards created in 2015 was selected from the period 1/1/2015 through 7/1/2015 to establish a baseline. All error types with an error rate greater than 10% are graphed below by type of error. Error rates were high in end dates and close dates of awards. In addition, FBOD requested that award documents be sent to the Grants Administration mailbox so FBOD could assist agencies in accurate award set-up. Approximately 25% of the award documents were not submitted to FBOD from agencies. Out of the award documents not submitted, there were 43 errors in award setup of which 23 errors were in close and end dates. The Projects & Grants Unit (PGU) have concluded that close and end date errors possibly could have been reduced by more than 50% if the award documents were submitted.

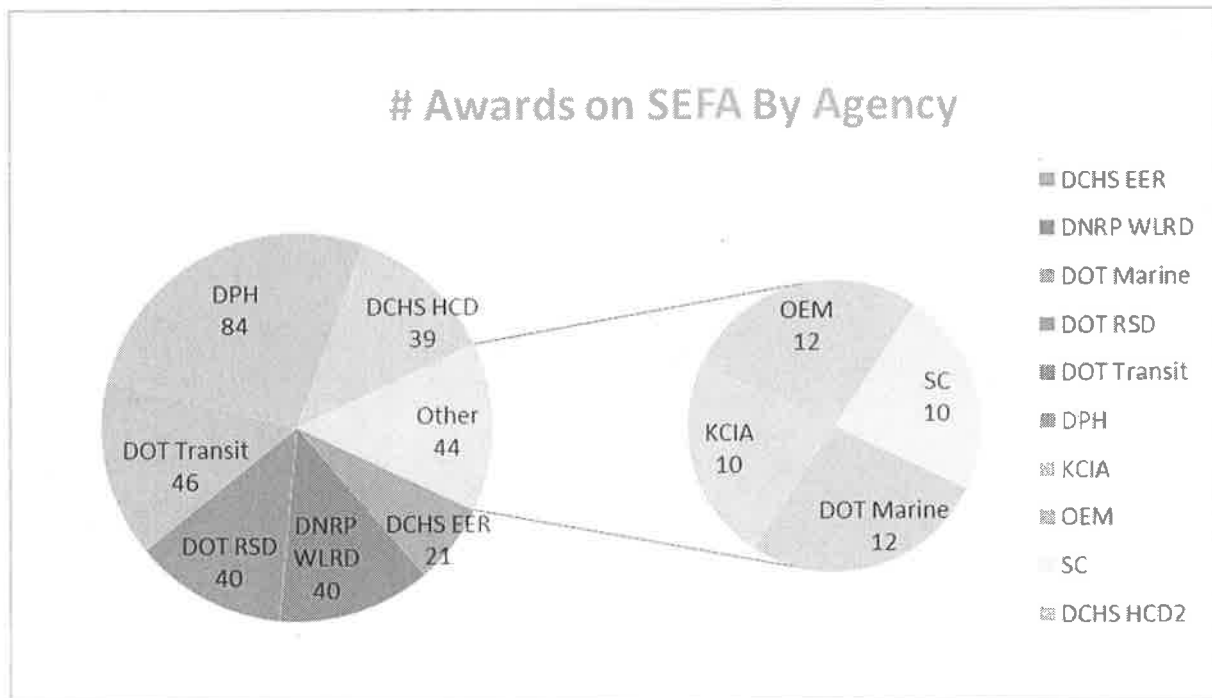


Next, PGU graphed the number of errors per award by agency. The agency with the most awards (DPH) had the fewest number of errors per award. DPH also submitted all award documents to FBOD to assist them in award set-up. There appears to be a correlation between proper award set-up and assistance by FBOD in the set-up of the award. In addition, out of the 17 awards where the document was not submitted to FBOD to assist in the award set-up, over 32% of the end and close date errors were made on these awards. The three agencies with the highest errors per awards did not submit their award documents to FBOD 50% of the time. They also were accountable for 54% of the errors in end and close dates for awards.

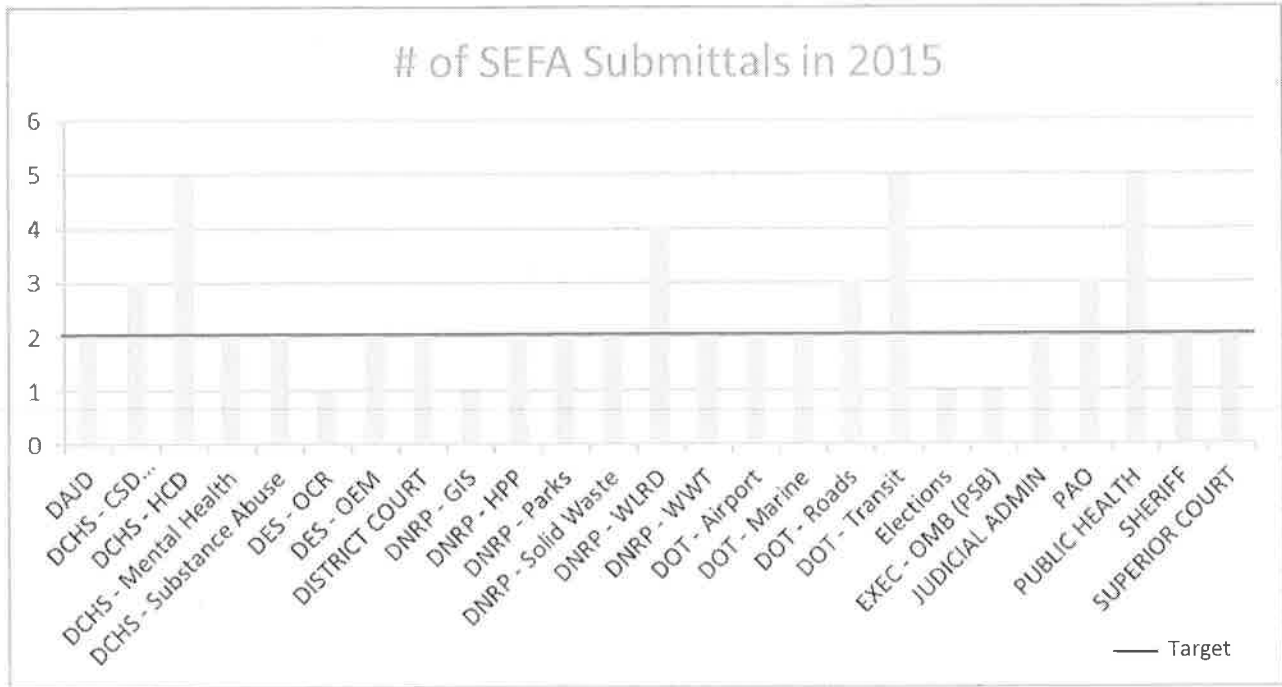
Going forward to reduce errors, it will be very important for FBOD to receive the award documents for set-up of awards. By forming a partnership with the agencies, the error rates are expected to go down in the future. It will also give FBOD an opportunity to further train agency personnel on award set-up.



Metrics have been established to quantify how many awards each agency is responsible for against the number of submissions of the Schedule of Expenditures of Federal Awards (SEFA). In 2015, a baseline was established for SEFA submittals with the expectation that the number of submittals will decrease going forward.

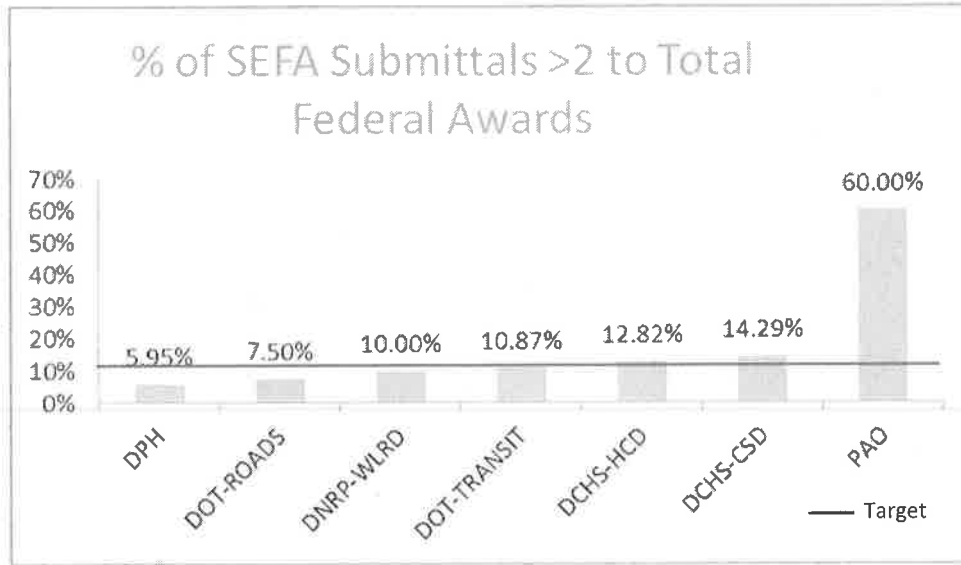


On average, the Agencies submitted their SEFA Report two times in 2015, after the new SEFA Report was deployed. The report has since been enhanced with new fields that are expected to alleviate more of the manual processes when compiling the SEFA for all of King County.

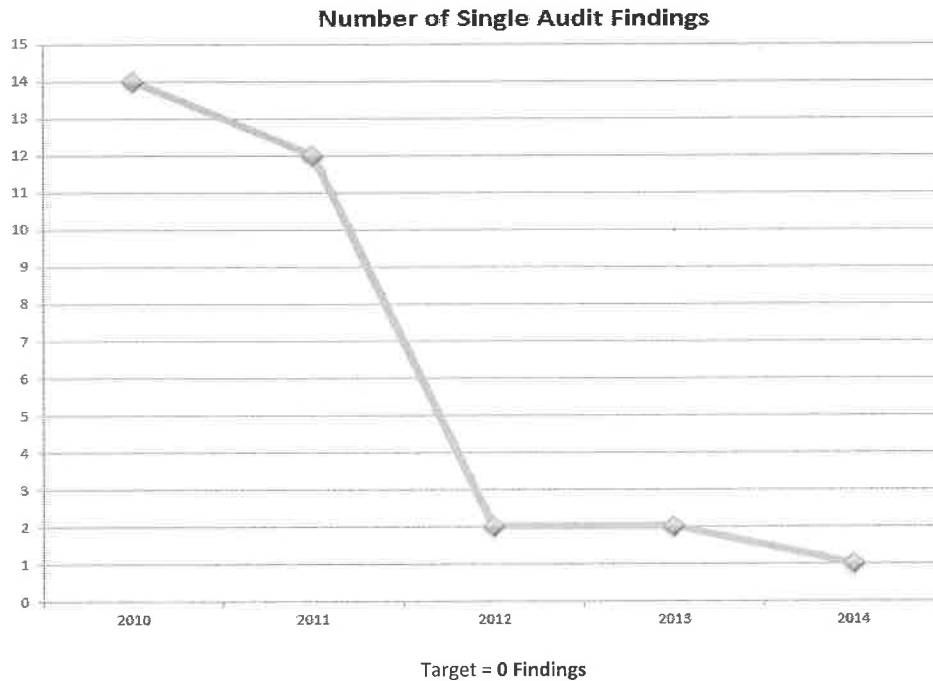


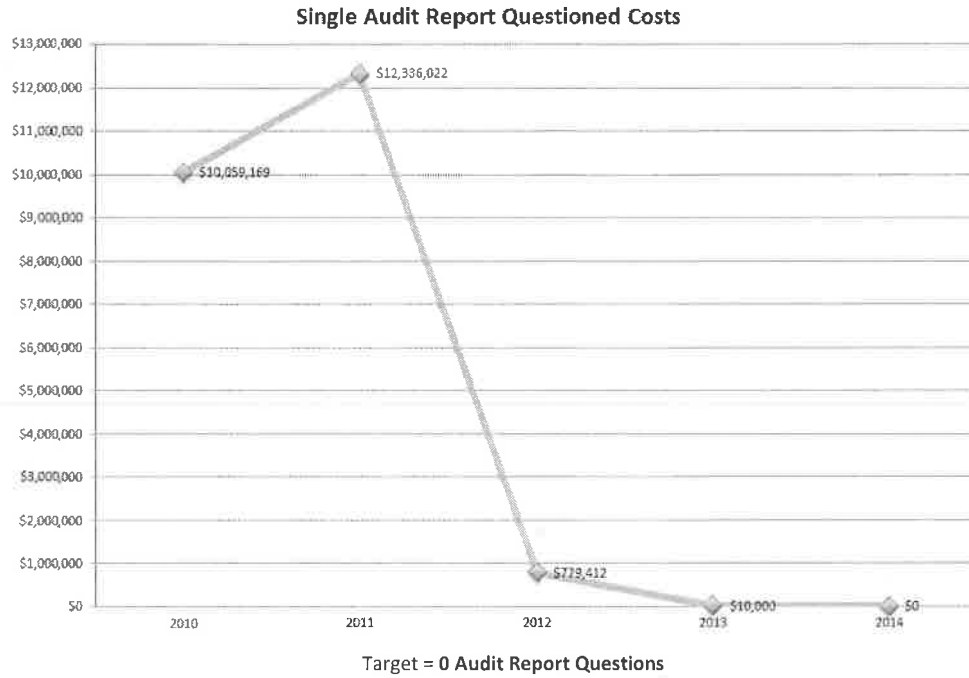
The chart below shows all agencies with SEFA submittals over two to the total number of Federal awards. DPH with five submittals had the highest number of awards (5/84) and that PAO with the lowest number of awards of the seven agencies above had the largest submittals to number of awards (3/5). The optimal number of submittals is one and only four small agencies achieved this goal. The remaining agencies (14) had two submittals. However, these 14 agencies together had fewer awards on their SEFAs in total than DPH had on their one SEFA. Although, this data needs to be explored more thoroughly, it may indicate that agencies that have more exposure to Federal funding have less submittals per total awards on their SEFAs than agencies with very few Federal awards. This may also indicate that FBOD should target their SEFA training to agencies with fewer awards as this appears to be where the majority of errors are taking place.

The new SEFA report out of Oracle EBS was in its first year of implementation. Going forward, training will be targeted to help the smaller agencies utilize the new report more effectively. The Projects and Grants Unit will continue to monitor this metric to prevent redo of work and reduce errors.



FBOD embarked on a vigorous training program, both in-house by the Projects and Grants Unit and by hiring a consultant who is an expert in federal grant funding and compliance. The consultant trained the project and grants community, who are responsible for grant compliance, billings and other grant activities. The training was conducted twice a year, starting in 2012, instructing six workshops (108 training hours per year) on Federal Grants Core Requirements and Sub-awarding and Monitoring of Federal Funds. The Projects and Grants Unit also collaborated with the BRC to develop a standardized, automated Schedule of Expenditures of Federal Awards (SEFA) which also contributed to the reduction in audit findings around the SEFA Report. The trainings provided and report enhancements were instrumental in decreasing our Audit Findings to one with our Questioned Costs being zero for the 2014 Single Audit.

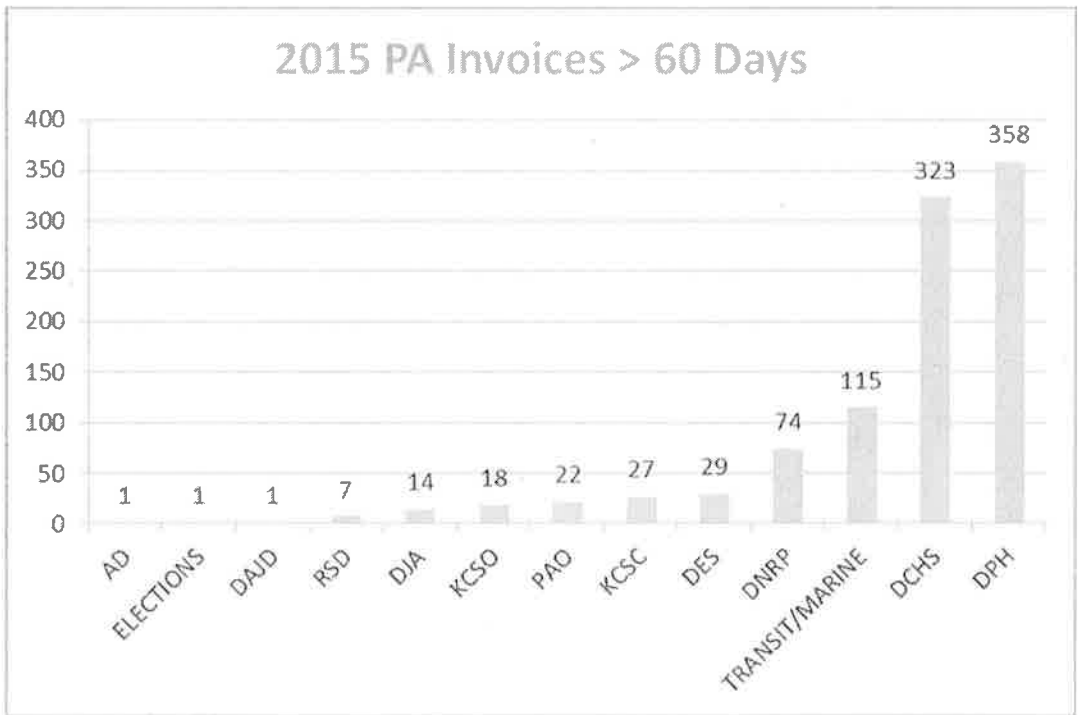


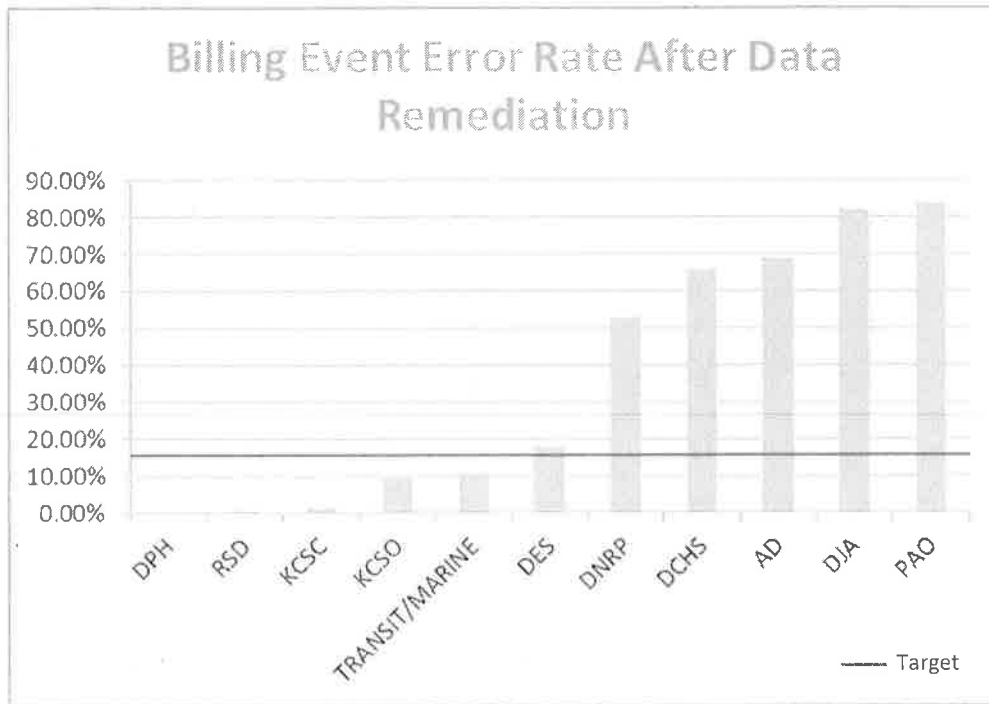


These previous charts show a trend analysis from 2010 through 2014 for the Number of Single Audit Findings and next chart is the related Questioned Costs for the Single Audit Report. Both charts demonstrate a significant improvement and reflect the work FBOD has done with the agencies.

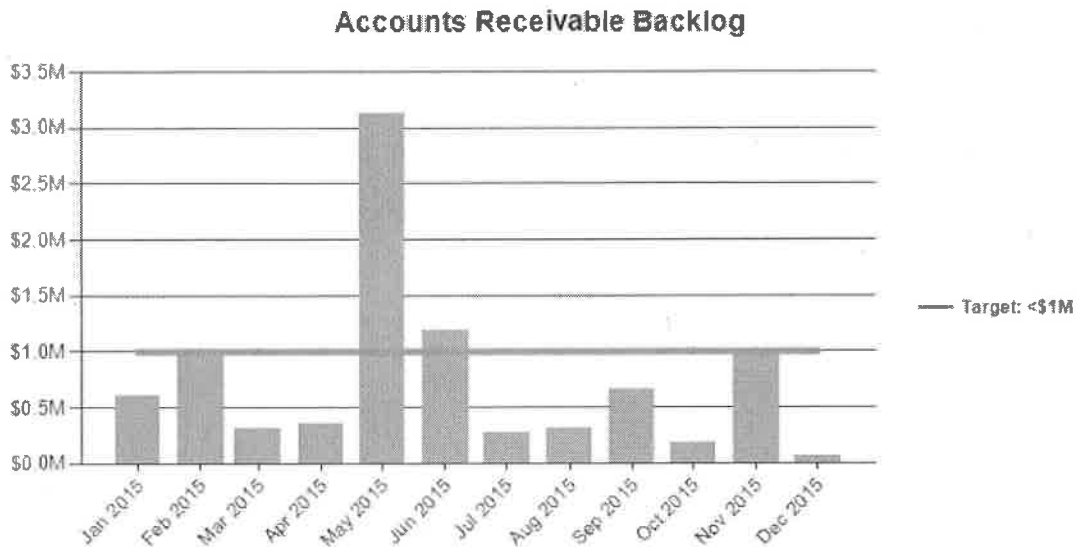
Billing-to-Cash Standardization Status and Metrics EBS Accounts Receivable Module

In 2015, a baseline was established to capture the number of invoices that were billed after 60 days to determine timely billing. For the year, there were a total of 990 invoices billed after 60 days. The Projects and Grants Unit determined the biggest agencies with the greatest number of invoices had the most invoices billed after 60 days, which was not surprising. What was surprising was the small agencies with very few invoices had billed almost all of their invoices after 60 days. Another discovery made is that there was a 40% error rate in dates used to enter the event billings. This necessitated that we do data remediation before establishing the baseline. The second chart shows the error rate for billing events for the data after data remediation by agency (Total error rate of 33.09%). Follow-up actions include targeted training for agencies making date errors on entering billing events in Oracle EBS and continued monitoring through 2016.

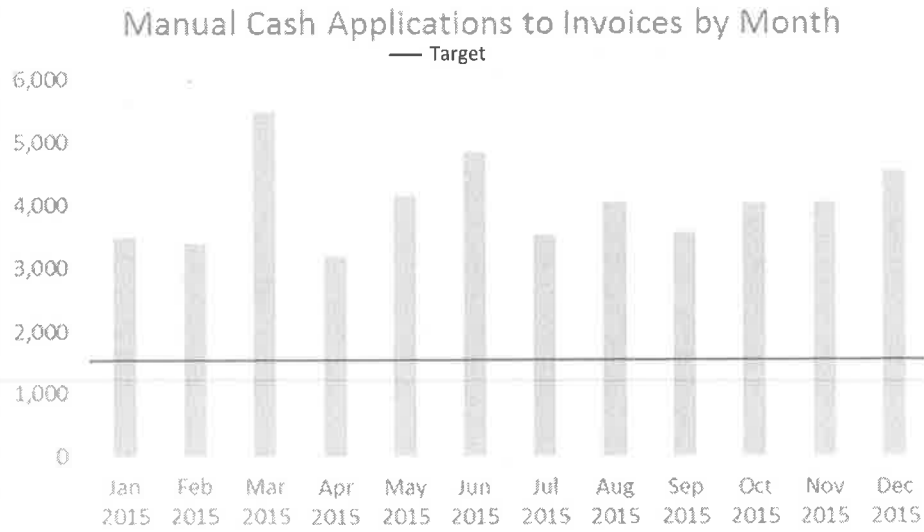




Accounts Receivable backlog represents payments that have not yet been applied to an account, either because the payment is from an unknown source or because the payment is applied to a customer but not applied to invoices. The spike in May was due to a temporary holding of \$2 million by King County before the funds were distributed to the agencies in June.



The target level was set by FBOD management based upon historical trends and professional experience as to the acceptable level of in-progress accounting transactions at month-end close.



On average, the baseline of reject corrections that a single fiscal specialist is able to complete, in an 8 hour work day, is 250 items. This means that it takes on average 1.8 minutes to gather information and apply the payment/receipt to the customer record.

Upon further research in this area, it was determined that approximately 70% of the manual cash applications to invoices are due to online bill pay checks by the customer. These checks come to King County from the financial institutions without any reference to invoice number or other identifying characteristics making additional research and manual application to invoices necessary for each item. Currently, Treasury and Accounts Receivable are working on a lean tool called an A-3 to problem solve ways to eliminate this manual intervention and have online bill pay automatically applied to the correct invoice. They are examining vendor capabilities, internal capabilities and interviews of other companies that use online bill pay to solve this problem. This research is ongoing and is a collaborative project between sections of FBOD.

Standardization Metrics

HIRE-TO-RETIRE VALUE STREAM

Budget-to-Report Value Stream	Business Process	System
Standardization	○	○

Hire-to-Retire Value Stream Description

The Hire-to-Retire value stream encompasses all business functions necessary to plan, hire, develop, assign, and sustain personnel resources. Together, the Office of Labor Relations (OLR), FBOD and the Human Resources Division (HRD) of Executive Services provide the foundation for agencies to recruit, engage and develop employees who reflect the communities served by King County. FBOD and HRD also are responsible for the timely and accurate delivery of pay and benefits to county employees and their families.

County managers want to recruit, develop and engage talented employees who are reflective of the communities that they serve, and agency administrative and finance staff want to efficiently provide accurate and timely pay and benefits to their employees and families. In the 2015-2016 biennium key objectives in this value stream include moving toward a more flexible personnel system and better leveraging the capability of PeopleSoft to streamline the timekeeping function countywide.

HRD and FBOD are part of an initiative (“Best Run Government: Employees”) to work with stakeholders to jointly define and implement a more flexible personnel system. The goal is to create a workplace culture that: (1) makes it possible for our employees to provide the highest quality, most affordable and most efficient government services possible; and (2) supports our effort to attract and retain a quality and an engaged workforce.

Hire-to-Retire Value Stream Outlook

Based upon the criterion identified on pages 20-21 of this report, the Hire-to-Retire value stream has reached a medium level of standardization. HRD and FBOD are moving to standard work in this value stream by developing and implementing cross department reports to monitor the need for better education and adherence to standards.

With the “Best Run Government: Employees project,” HRD in collaboration with OLR, FBOD, PSB, BRC and many other county agencies and stakeholders, will seek to create consistency across many of the county’s personnel policies and practices. These new standards and approaches will ultimately be implemented not only through our collective bargaining agreements but also through our enterprise systems. Standardization and consistency will improve business processes to ultimately meet our quality workforce goals, but also will increase system optimization and efficiency.

Many opportunities exist to enhance and integrate business processes across the Hire-to-Retire value stream. These opportunities should look to standardize processes and to eliminate pain points where hand-offs occur in the value stream or where a lack of understanding of the stream occurs. Although the 2014 upgrade eliminated some system duplication, the system itself is prevented from optimal standardization until the work to improve standardization of pay, leave and benefits practices can be improved.

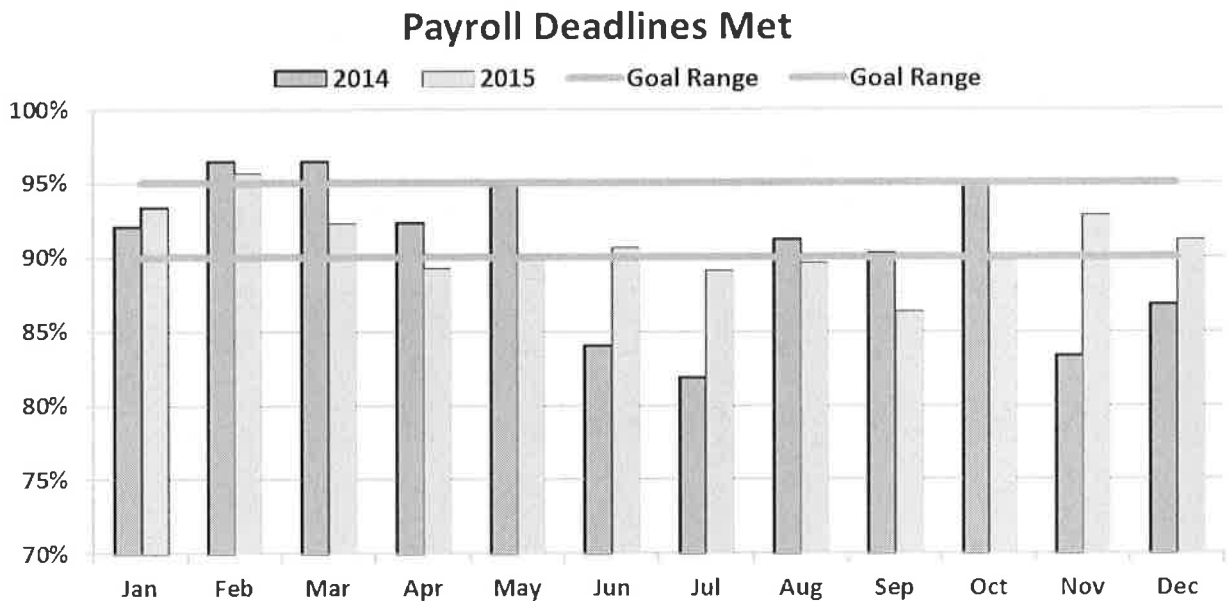
This lack of standardization will continue to create numerous manual work-around processes. Some of the opportunities include a standardization of pay to include a total compensation approach and education

with departments, agencies and unions to see the value in enhancing or integrating areas of this value stream.

It is important to note that many of the changes to improve standardization relate to personnel policies and practices that require bargaining with our labor partners. Under the leadership of OLR, the county will seek to eliminate as much of the inconsistency as possible across our many collective bargaining agreements in support of the new standards and approaches in place. This effort will take both time and a strong, active partnership with our union representatives.

Hire-to-Retire Standardization Status and Metrics PeopleSoft

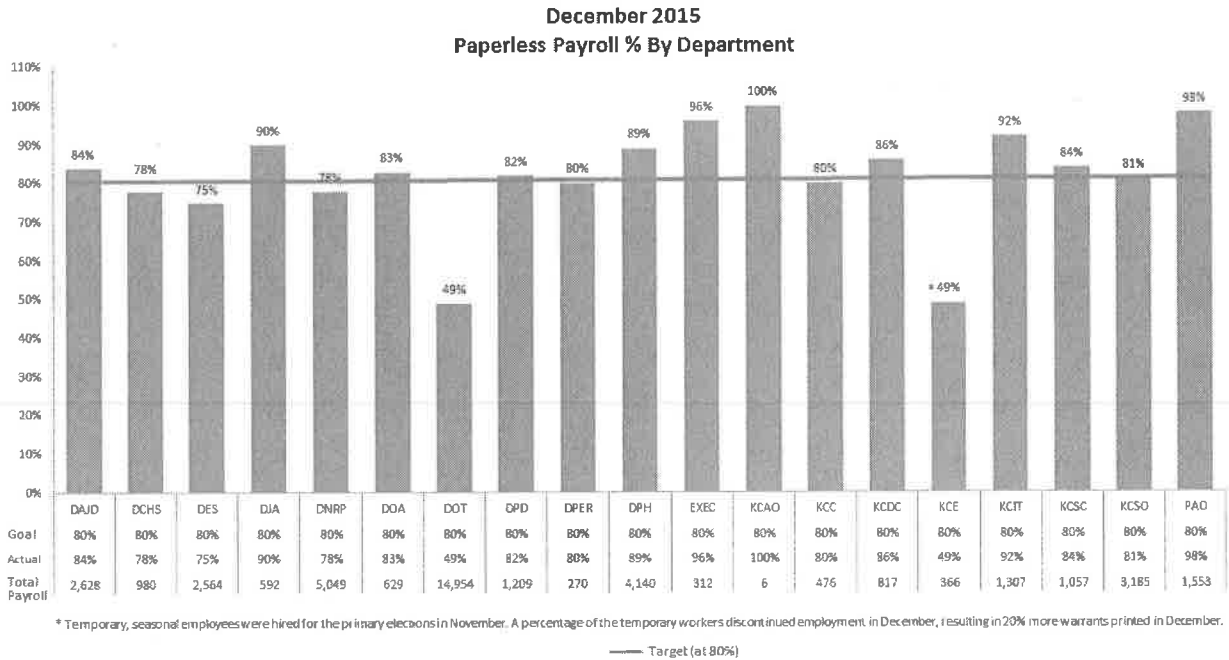
An overall improvement in timely payroll submissions is achieved with a smaller swings between each month and last year. BPROS had only three months that were below target, April and July, which were 89% and September, which was 86%. The larger variance in September was related to contract implementation with a retro. Below are the actual numbers which shows the months we were below the 90%. In 2014, we had four months were the Departments were not able to timely submit their payroll.



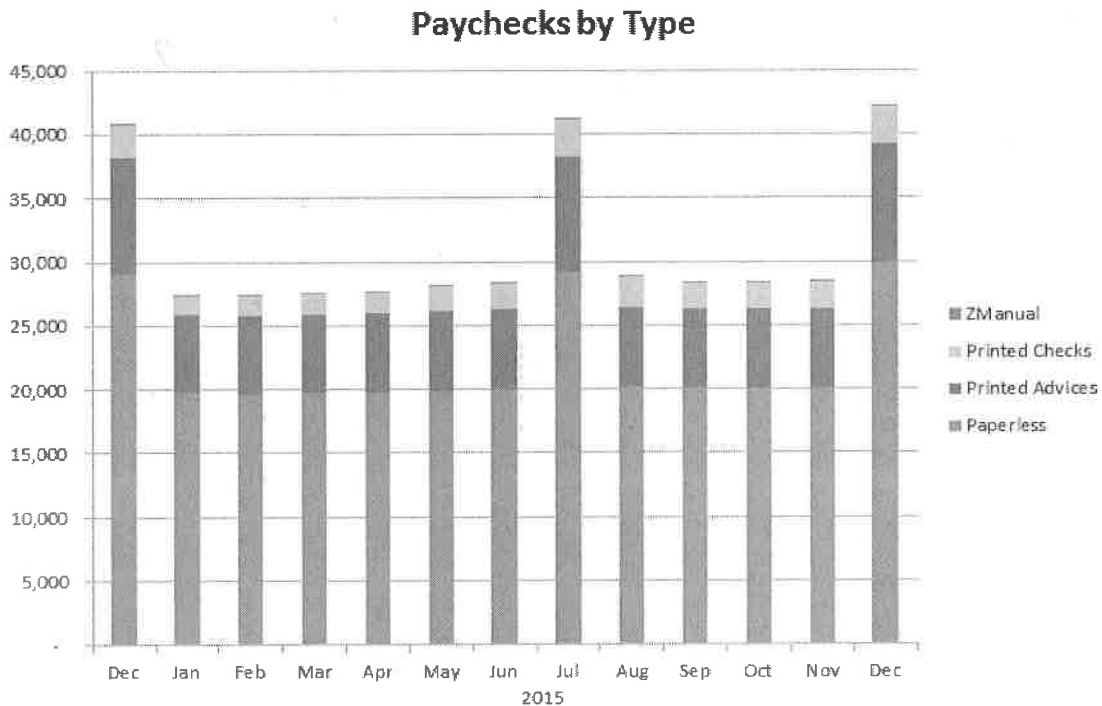
The target level was set by FBOD management in evaluating possible incremental improvements based on PeopleSoft implementation and stabilization, prior to initiating improvements. The targets were set as stretch opportunities and will be refined further as process improvements are implemented.

Hire-to-Retire Stabilization and Standardization Status and Metrics PeopleSoft

The Paperless Payroll metric is a measurement by department of the county employees who are paid electronically via direct deposit and who also do not receive a printed advice (paystub) of their direct deposit. The percent is lower in the Department of Elections due to the temporary and seasonal workers hired for elections. The percent is lower in the Department of Transportation due to the large volume of bus drivers who are without access to their check stubs online. Later in 2016, there will be an outreach effort to DOT to encourage employees to sign up for paperless payroll.



The paychecks by type metric below displays the total number of payments made to employees and the breakdown of how many were paperless direct deposit, direct deposit with a paper paystub provided to the employee, a paper pay warrant, or a manual/off-cycle check. The manual or off-cycle checks represent corrections to pay or an off-cycle settlement to an employee. The year to date percentage for 2015 was 0.22%, well below the goal of less than 1% and vastly improved from pre-ABT days.



Standardization Metrics

BUDGET-TO-REPORT VALUE STREAM

Budget-to-Report Value Stream	Business Process	System
Standardization	○	○

Budget-to-Report Value Stream Description

The purpose of the Budget-to-Report value stream is to align resource decisions with leadership and community priorities and the King County Strategic Plan. This includes accurate and timely reporting of the financial picture and performance of county operations to internal and external stakeholders in accordance with professional standards.

County managers want to easily obtain the financial information necessary to run their operations efficiently, and agency finance staff wants to know how to use the county's financial systems effectively.

A key objective in this biennium is to improve user compliance with the proper way to budget, account and report on the county's financial activity via the enterprise systems. This reduces the need to track manual adjustments outside of those systems. As fewer adjustments are made outside of the systems, less manual effort is required to conduct ad hoc analysis such as budget versus reports and to create audited financial reports, including the Comprehensive Annual Financial Report (CAFR) and the Schedule of Expenditures of Federal Awards (SEFA). This enables finance and accounting staff to devote more time to monitoring compliance with county policies and external requirements, reducing the risk of audit findings and questioned costs. This also gives operating managers confidence in their short and long term resource decisions.

The Budget to Report value stream is co-owned by the Office of Performance, Strategy and Budget (PSB) and the Finance and Business Operations Division (FBOD) of Executive Services. As such, the value stream begins with the initial allocation of resources through the budget process and ends with the submission of audited financial reports demonstrating how previously allocated funds were used as well as the county's financial position.

Budget-to-Report Value Stream Outlook

Based upon the criterion identified on pages 20-21 of this report, the Budget-to-Report value stream has reached a medium level standardization. System standardization is at risk of deteriorating if Discoverer is not replaced (see p16).

In an effort to provide accurate and timely reporting of the financial picture and performance of county operations to internal and external stakeholders in accordance with professional standards, the following objectives stated in the 2015 Proviso were achieved.

- All supplemental budget appropriation changes are recorded in Oracle EBS so that agencies do not need to track these items in a separate spreadsheet, therefore improving user compliance.
- PSB partnered with agency representatives to develop new reports to facilitate the budgeting process.

Budget-to-Report Standardization Status and Metrics

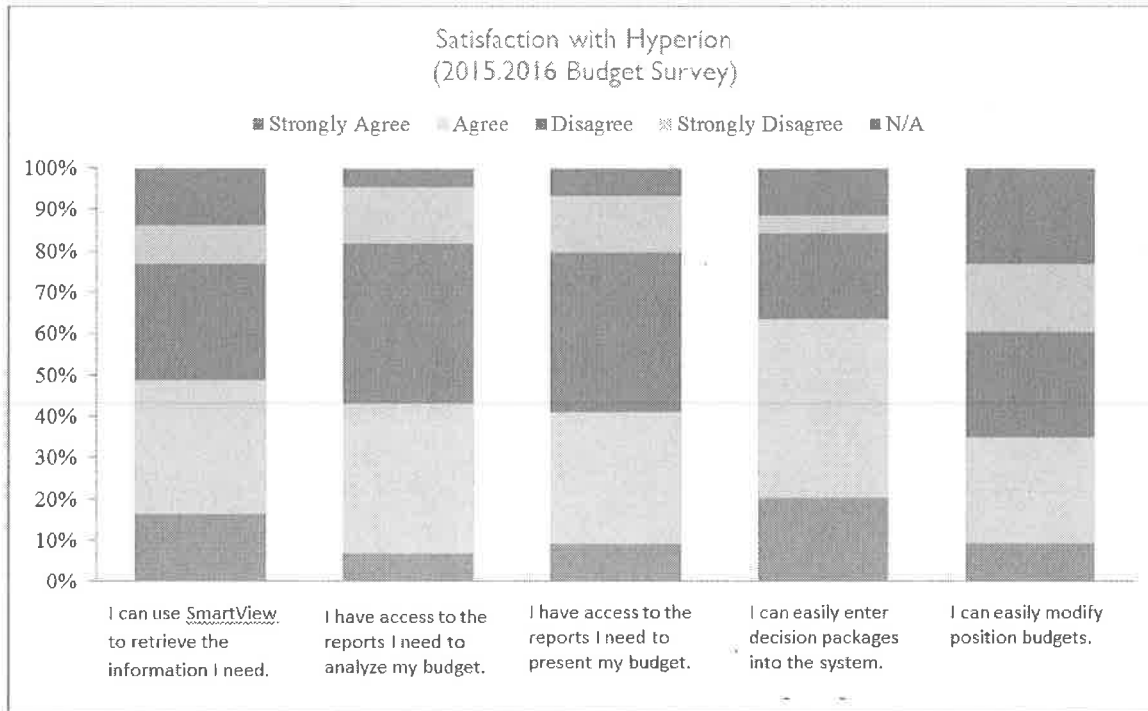
Hyperion

Budget Development Standardization efforts focus on improving the performance and reporting capabilities within the Hyperion system, and the Project Information Center (PIC) application which supports the County's capital improvement program (CIP) processes (biennial budget development, capital portfolio management, monitoring and reporting, and budget revisions). This section briefly describes the standardization efforts and metrics related to the following areas: Hyperion Reporting, Hyperion Data Entry, and Project Information Center (PIC).

Hyperion Reporting - Extracting information from Hyperion and PIC is often manual and time intensive. Although some standard reports have been created, additional reports are in development that will reduce the time necessary to respond to requests for management information. PSB and FBOD will survey agency finance and operational managers (our primary customers) to measure the level of effort required to obtain timely and accurate information entered into the three systems. These surveys also will measure customer satisfaction with reporting capabilities in Hyperion and PIC.

Hyperion Data Entry - Modifying position budgets in Hyperion can be time intensive and non-intuitive. Data entry improvements have been made that simplify the position budgeting process, automate tasks and reduce the likelihood of errors. The improvements have resulted in a reduction in the number of steps to add a position (from 46 to 16) and the standardization of position transfer process. FBOD will be measuring the level of effort spent by PSB staff in correcting errors in the 2017-18 budget process and will survey users regarding the level of ease in data entry.

The charts below show the baseline measurements of user satisfaction with Hyperion from the 2015/16 budget development process. Less than half of Hyperion users expressed satisfaction with Hyperion reports and position budgeting data entry. PSB expects to see improvement in these metrics in the 2017/18 survey results.

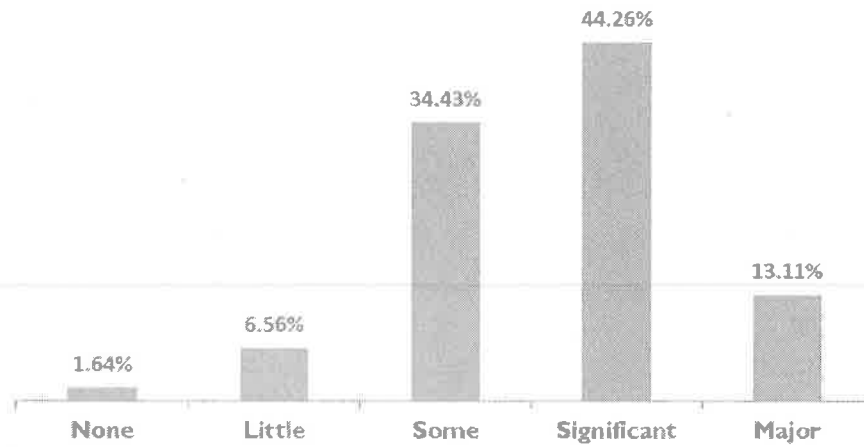


Project Information Center: Consistent with the 2017/18 capital improvement program budget process work, the newest version of the Project Information Center (PIC) application to be released in Q2 2016, will create a single system to replace the three disparate versions of PIC developed by KCIT. PIC supports the standardization of key CIP processes, including biennial budget development, capital portfolio oversight (monitoring and reporting), and budget revisions for capital projects. Key improvements in PIC include: interfaces from Oracle EBS Projects and Grants module data to display project information and balances; single sign-on, revisions to the Capital Appropriation Proposal (CAP) form to capture planned CIP spending, budget analysis section (to calculate starting/ending balances); ability to enter revenue budgets, and ability to support one or more budget cycles simultaneously. The anticipated benefits and value of these improvements include: enhanced data quality, reduced manual data entry, standardized CIP budget processes, and increased transparency in the capital budget process. Metrics include customer satisfaction and system availability and uptime.

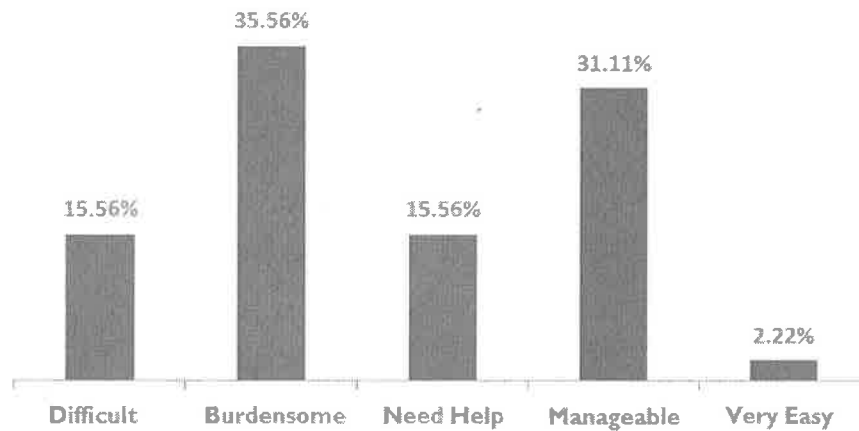
EBS Financials

To assess information quality and ease of report for EBS financials, FBOD conducted a customer survey in 2015. The charts below show the survey results from 61 participants. The survey results show a need for improvement in SEFA and SSFA reporting. FBOD has been working with the BRC to make changes in SEFA report and a new and improved SEFA report will be rolled out for 2015 year-end reporting.

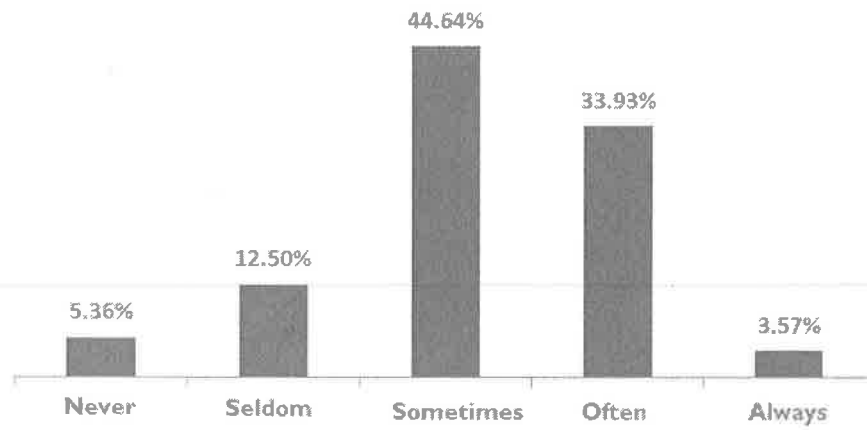
What is your current level of effort required to verify the accuracy of information in EBS?



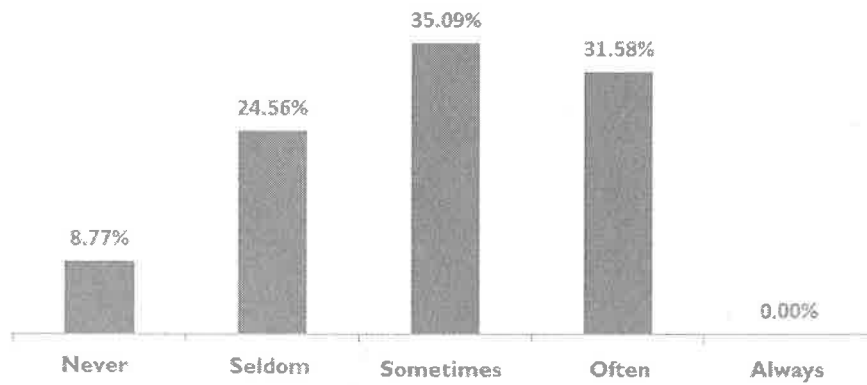
What is your level of ease with Projects and Grants such as SEFA or SSFA reporting?



Do you feel that Projects and Grants reporting is reliable?



Do you feel that Projects and Grants reporting is of good quality?



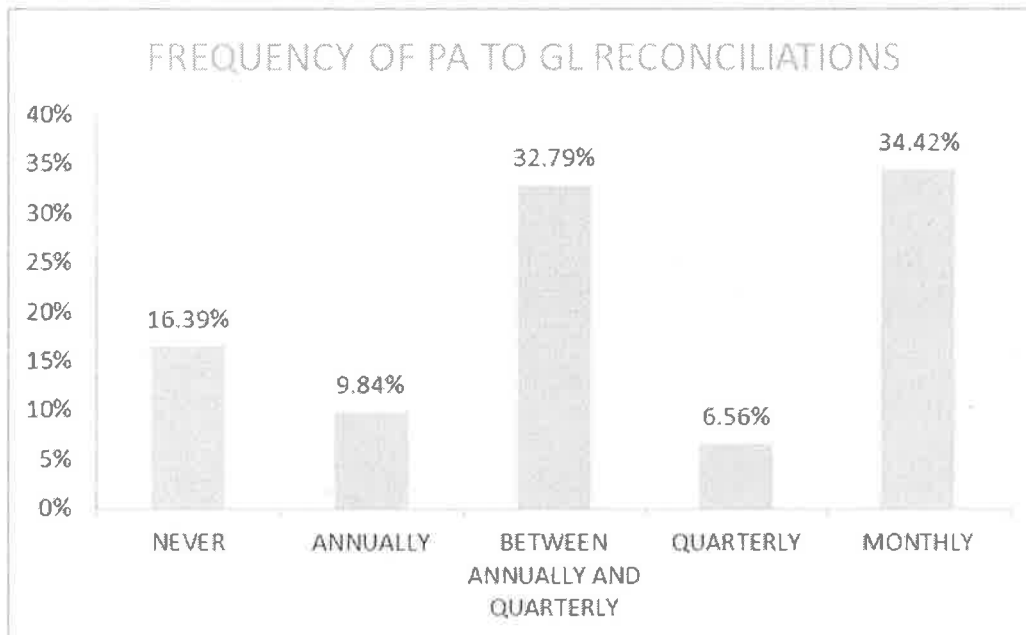
Budget-to-Report Standardization Status and Metrics

EBS Projects and Grants Module

In 2015, a survey was sent out to Finance Managers county-wide. One of the questions on the survey was the frequency that Project and Award Module (PA) to General Ledger (GL) reconciliations were performed by county agencies. There were 61 responses and the results are in the accompanying chart.

The expectation of FBOD is that the reconciliations are performed at least quarterly and monthly is preferable. Approximately 59% of the responses show that county agencies are not meeting this expectation of quarterly reconciliations.

Although there have been huge improvements in this area since 2012, there is still need for further improvements. In 2016, there will be closer fund-level monitoring of this function by the central accounting staff and increased training efforts for agencies from FBOD. In addition, work will be done to determine how unknown variances are occurring between the PA and GL module. This will help FBOD develop methods to keep the two modules better reconciled and provide clearer guidance for General Fund agencies on any unknown variances. PA to GL reconciliations are more difficult to perform for General Fund agencies as they cannot do this at the fund level and get meaningful results for agency reconciliations.



Budget-to-Report Standardization Status and Metrics Reporting Database

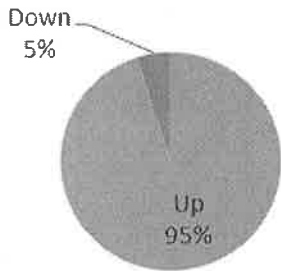
The reporting database that was implemented during the ABT project for Discoverer (FPRODRP) has been unavailable regularly on Monday mornings beginning in the last quarter of 2014 due to the nightly building of a customized Project module reporting table. The refresh time was temporarily mitigated by implementing advanced compression and improving server processing capabilities that addressed the immediate reporting needs but was not a long term solution. The refresh times continue to increase with the increase in data growth. The pie chart below demonstrates the reporting availability for Discoverer reporting from the reporting database. Discoverer reports were unavailable for King County 38% of the time, based on regular business hours of 8-5 Monday through Friday.

FPRODRP Dec-14

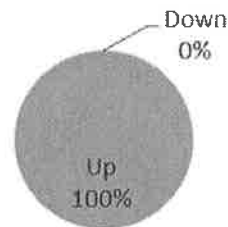


The 'FREPORST' database was developed to store Oracle data for operational and management reporting, and was implemented in October 2015. The pie charts below demonstrate the reliability and availability of the new database, FREPORST, compared to the old FPRODRP database. The BRC continues to maintain the original reporting database, FPRODRP, until all reports have been successfully developed and tested in FREPORST.

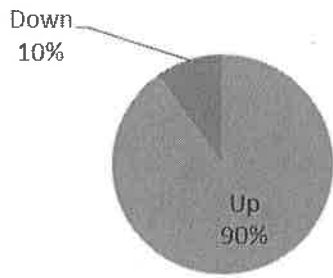
FPRODRP Dec-15



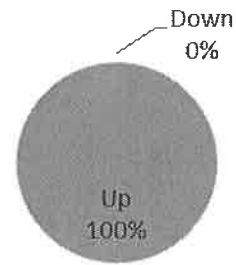
FREPORST Dec 2015



FPRODRP Jan-15



FREPORTS Jan-16



Standardization Metrics

SYSTEM SECURITY AND CONTROLS

System Security & Controls	Business Process	System
Standardization	●	○

System Security and Controls Description

Security systems and controls are the governance structures necessary to support the business processes and related systems. FBOD and the Business Resource Center (BRC) are jointly responsible for the business rules and controls embedded in our accounting, budgeting and payroll systems to ensure only authorized individuals make changes in those systems. The following include the focus areas for system security and controls:

- Business processes, rules and controls to govern who can access data and transaction processing in Oracle EBS
- System design and tools to manage and control access privileges and permissions
- Security design and methods put in place in EBS to limit access to sensitive data to only those who appropriately need to know the information to do their job
- Adoption of business and industry best practices in the design and management of security rules, controls and processes

System Security and Controls Outlook

Based upon the criterion identified on pages 20-21 of this report, System Security and Controls have reached a high level of standardization for business processes, but the system has a medium level of standardization due to the major redesign work expected to begin in 2016 and continue through 2017.

2015 is the second year of a multi-year project to establish security change control processes and implement security recommendations identified in a security assessment conducted by consultant Jeffrey Hare, a well-regarded Oracle EBS security expert for Oracle EBS. Those recommendations will require significant work to redesign EBS security structures to reduce different types of risk (e.g., segregation of duties, sensitive data and possible fraud risk) and conform to security design best practices for EBS. The project also includes the development of queries and reports needed for the redesign work and ultimately the ongoing monitoring of the security health of EBS.

The activities below, identified in the 2015 Proviso, have been addressed where the System Security and Controls work reached a medium level of standardization (results are in blue with detailed work described in bullets).

1. Continue implementing the Security Assessment Report recommendations.

Designed and implemented a set of solutions to reduce security risks including a group of “Quick Win” solutions and a set of security changes requested to support business needs.

Examples of the “quick wins” risk reduction changes include:

- Removed user access to “AZN” menus, graphical menus that could allow users to jump to screens they were not intended to have access to.
- Removed access to several generic application accounts that gave users transactional and configuration access – some with very high risk.

- Removed access to “seeded” responsibilities (supplied by Oracle) that are inconsistent with county segregation of duties.
- Reviewed and confirmed EBS password configuration is in compliance with King County’s password policy.
- Substituted a high risk AR menu with a lower risk menu as appropriate for cash management responsibilities to eliminate receipt creation risks.
- Conducted reconciliation of active EBS user accounts with PeopleSoft terminated employee data and removed EBS accounts as needed.

In 2015 the EBS security administrator implemented 15 security design changes requested by the business and utilized the new change process to assist in reducing risk to meet business requirements. The chart below shows the categories associated with the changes:

2015 Operational Security Change Requests	
Number	Risk Reduction Level
5	Reduce high risk
1	Reduce medium risk
9	Reduce low risk
15	Total

2. Review the detailed results of the security assessment evaluation conducted by Jeffrey Hare, who as part of his consulting engagement, used a third-party automated tool to evaluate King County’s EBS security data. The tool contains a large number of rules used to evaluate EBS systems to identify segregation of duties and other security conflicts. Because the output of the tool is very complex, it requires analysis to understand how best to correct the identified issues and to understand the root cause of the risks to inform subsequent corrective work.

Completed comprehensive review and analysis of the assessment tool data. Developed security reports and risk matrices to manage security risks.

- Developed EBS reports to manage security changes and to demonstrate to auditors how the Oracle EBS security rules are configured at a certain point in time.
- Analyzed the security risk data from the assessment
- Developed Security Risk Matrices to identify which risk conflicts need to be fixed by conflict type; an example of a risk conflict would be if a single user has access to multiple EBS responsibilities that have functions that are in conflict. For example, a user can enter suppliers with one responsibility and enter requisitions with another responsibility. Although the responsibility design for each of these two responsibilities does not contain the risk, the combination of access rights for this user has a risk conflict that if misused could allow the person to set up a fictitious vendor and enter a requisition against it.

For Q2-Q4 in 2016, the project will continue this work in two areas:

- **Implement Improvements to Security Request Process**
Implement improvements to streamline agency EBS security access requests and improve customer experience and fulfillment service levels.
- **Pilot to redesign security for one EBS module**
Using best practice principles highlighted in the Jeffrey Hare security assessment and detailed risk conflicts identified in security risk matrices, conduct a pilot to redesign security

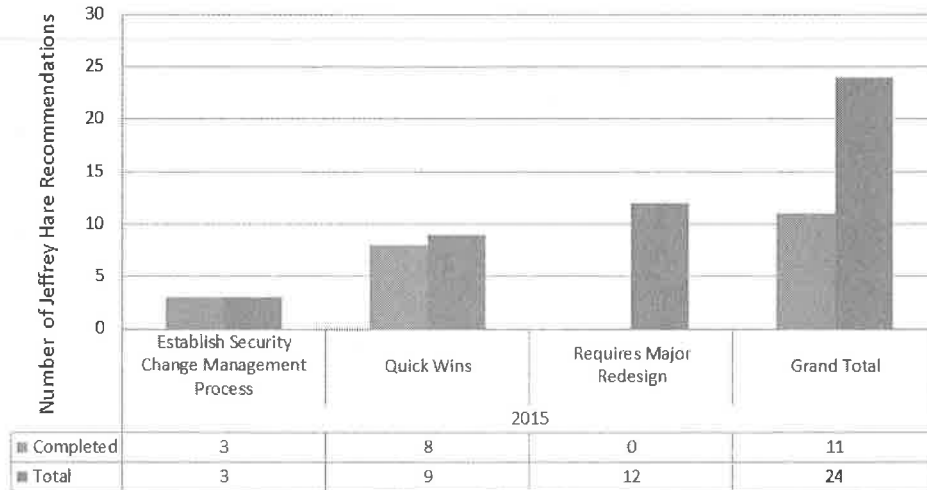
responsibilities and structures (menus, functions, request sets, etc.) to remediate conflicts and standardize design. Validate that redesign resolved risks and use pilot to form approach to subsequent security redesign across EBS for next phase of the project.

System Security and Controls Standardization Status and Metrics

The Security Systems and Controls metrics were identified in the 2015 Proviso that is explained below.

- Volume of EBS security configuration change requests - *This metric was found to not work well to identify the progress in reducing the security risk in EBS. Instead the following metric was put in place to identify the progress made for implementing Oracle security recommendations.*

Jeffrey Hare Security Recommendations

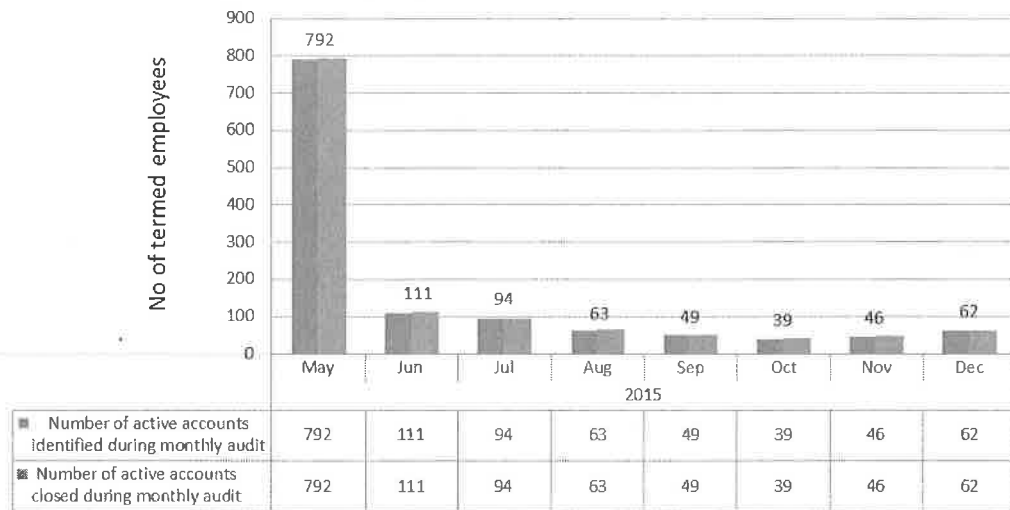


The chart and table for this metric shows that 11 of the 24* security assessment recommendations have been implemented. The remaining 12 require significant redesign effort and are expected to take two years to implement, through 2017.

* Originally 25 items but one was found to not be relevant.

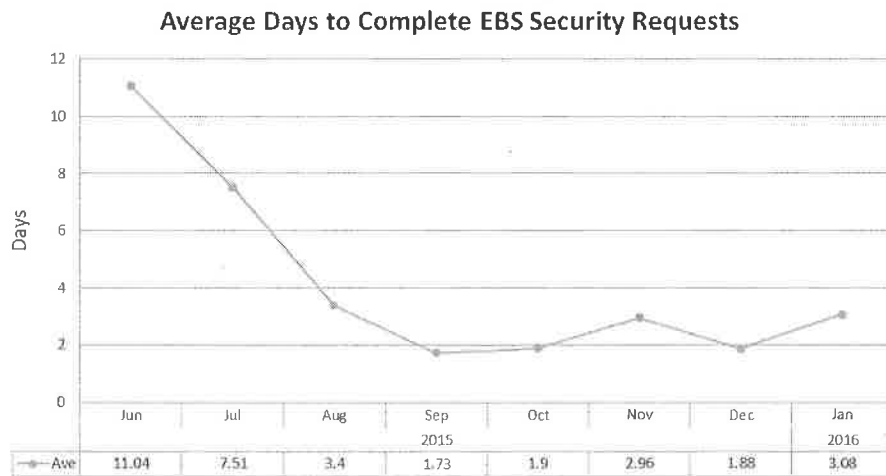
- Number of terminated employees with active accounts:

Termed Employees with Active EBS Account



This measurement shows that in May 2015 PeopleSoft and Oracle EBS user accounts were reconciled. This resulted in almost 800 employee accounts, that are no longer active King County employees, corrected in Oracle EBS. Starting in June a monthly process was begun to audit for terminated employees with active accounts in EBS and to immediately close the EBS accounts. Previously, county managers were expected to submit “revoke forms” to ask BRC to close accounts. This audit/close process is more complete and accurate.

- Average time to process security provisioning requests and changes:



Measures days to complete security requests excluding subsequent security updates after training has occurred, proxy requests (can be up to 400 users included in a single proxy request), training administration, and non-prod requests.

This chart shows a metric that measures timeliness of completing the EBS security access requests in the system after a valid request arrives in the BRC. Measurement began June 2015 when it shows a poor turnaround timeframe to fulfill requests. This was during a period where a new staff person was learning the process and when vacation coverage required significant time to cover Lan Desk duties, taking away time from the security function.

The average days to fulfill security requests have improved since September. The process of user security provisioning is highly manual complicated by the need to touch each request multiple times, each time a user attends EBS training they may be granted additional access rights. There are opportunities to streamline this work with future Lean efforts and possible automation opportunities.