

SHARE Progress and Update on Modernization

Presentation to the Science, Technology and Telecommunications Committee

SHARE
STATEWIDE • HUMAN RESOURCES • ACCOUNTING • REPORTING



N.M. Department of Information Technology and
N.M. Department of Finance and Administration
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SHARE: State Wide Impact



- Simply put, **SHARE is the ERP*** system that the State uses to automate back office business functions
 - Employee timesheets, overtime rules, benefits calculations, purchase orders, vendor payments, paychecks....

- SHARE is based on the world-class PeopleSoft platform:
 - In use by over 20 states, numerous Fortune 500 companies
 - Financials **and** Human Capital Management (*ELM** in progress*)
 - Core functions: Accounts Receivable, Accounts Payable, Time & Labor, Payroll
 - More: Asset Management, Projects & Grants, Inventory
 - Also: Federal Highway Administration Billing

*Enterprise Resource Planning

**Enterprise Learning Management 2

SHARE is Working



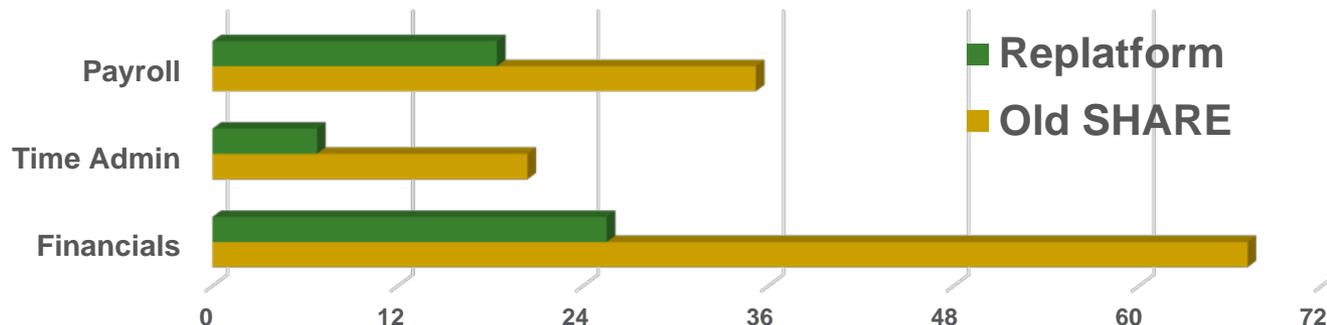
- In FY15, the SHARE system:
 - Paid more than **22,000** employees on-time 26 times
 - Accurately captured **42 million hours worked**, plus overtime and shift pay
 - Simultaneously completed 15 special payrolls for the FY09 settlement
 - Enabled State business: **139,000** purchase orders
 - Managed State employment:
 - Completed **3,863** hires; **5,270** terminations; **776** transfers between agencies
 - And more: benefits management, payroll taxes, promotions, pay increases, etc.

SHARE is Continuously Improving



- Measurable performance improvements:
 - No unplanned downtime in past **18 months**
 - Key processes are **70% faster** than 2 years ago
- Improved Ability to Troubleshoot
 - Reduced time to copy production data from **1 week to 4 hours**
 - Virtual, private-cloud implementation supported by DoIT Enterprise Services
 - Created new “FIX” environments for both FIN and HCM
- User Facing Improvements
 - “Forgot Your Password” self service; reduces Service Desk calls
 - “Select All” for timesheet approval; saves significant time every pay period for all supervisors

Total Processing Hours by Key Function



SHARE is Continuously Improving

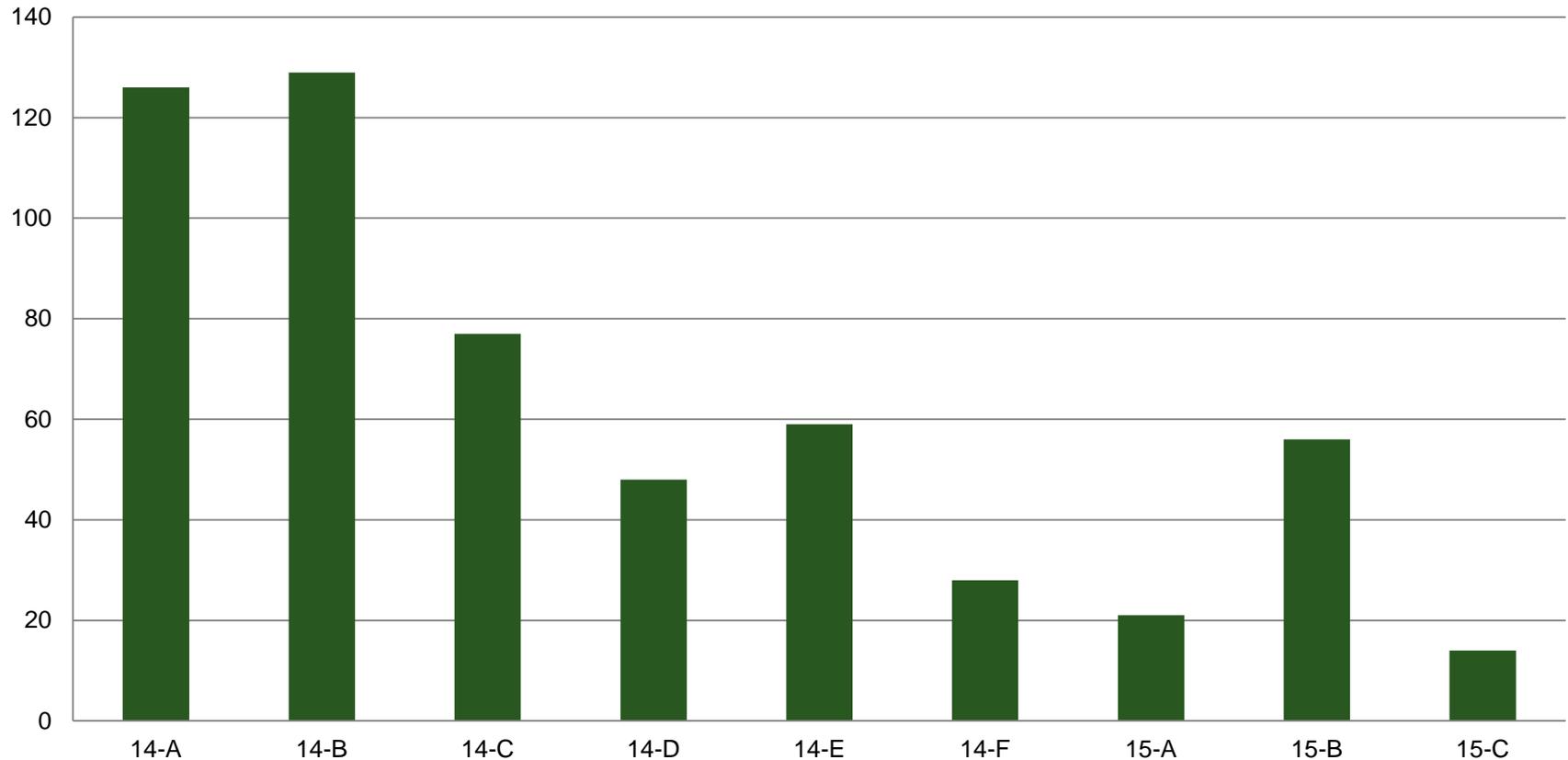


- **SHARE Help Desk Support**
 - **DoIT resolved 2,355 HCM Help Desk Tickets** in FY15
 - Average resolution time is **3 business days or less**
 - **No backlog** exists. Improved customer experience
 - Successful collaboration with DFA FCD Help Desk
 - Working in partnership, cross training teams
- **Reduced backlog and wait time for SHARE requests/projects**
- **Dedicated HCM Training Environment**
 - DoIT conducts monthly HCM New User training
 - Developing Advanced HCM training
 - Used for DFA Time & Labor training

SHARE is Continuously Improving



SHARE HCM Tax Updates: Days elapsed from initial release to implementation (CY14 to Present)



SHARE is Continuously Improving



- **Complete overhaul** of user access model (“security”) underway
 - Creating well defined roles based on job functions
 - Priority is jobs with access to sensitive data/ functions
 - ELM currently deployed with new model
 - Impacts both FIN and HCM
- **Archiving** transactional data / data clean up
 - Test: archived 1.3 M Payments and 1.3 M Vouchers
 - FY07 and FY08
 - Using delivered functionality. Continuing to test

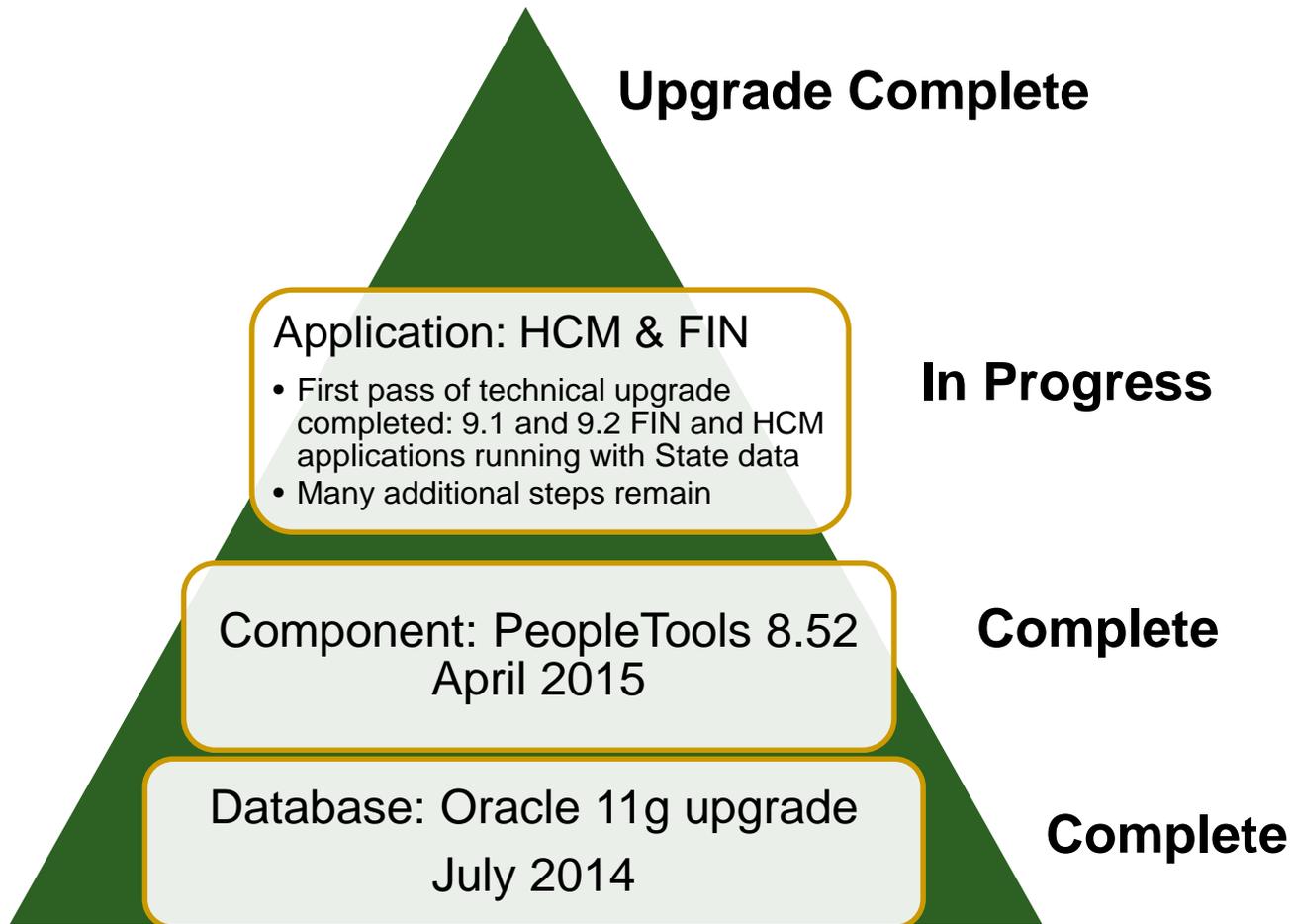
SHARE is Being Modernized



- Enterprise Learning Management (ELM): a glimpse of the future
 - Enterprise focus: transcript follows employees throughout their career
 - Can be used to help deliver upgrade-related training
 - Built on PeopleSoft 9.2, fully integrated with HCM
- Powerful example of Agency collaboration
 - DOT is pilot agency
 - Cross-agency Advisory Panel provides governance and enforces standard processes



SHARE is Being Modernized



SHARE is Being Modernized



- Philosophy: achieve a **new normal**
 - SHARE requires regular, skilled maintenance
 - Upgrading becomes part of standard procedures
 - Build ownership and expertise (not outsourced)
- Remaining upgrade steps will take **15+ months**
 - Building on **sustained momentum** and a **stable system**
 - Will require ongoing training and gradual improvement to current business processes
- Perhaps ***most important***:
 - Maturing our business processes ***up to*** PeopleSoft
 - *As opposed to* customizing SHARE ***down to*** antiquated business processes
 - The good news: Tight collaboration with DFA on Cash Reconciliation Phase 2 is providing this ***in place***

SHARE Upgrade Framework



- ❑ Must distinguish business process shortcomings from issues driven by the software

- ❑ A successful Enterprise-wide endeavor will require:
 1. Identification of the specific issues, problems, impediments being encountered
 2. Extensive and strong User Group commitment
 3. Prioritized remedial activity taking on only as much change as organization can effectively handle
 4. Changes required to modify existing processes
 5. Universal agreement to adopted proposed processes (standardize whenever possible)
 6. Effective change management to implement new processes
 7. Extensive, mandatory initial and on-going employee training

Historical Cash Reconciliation Project – Analysis of Issues



Finding	Issue Type / Resolution
1. Inability to produce historical bank data; lack of records retention	Business Process / addressed as part of CRPI implemented records retention process
2. Historical bank files were incomplete; state requested exclusions	Business Process / addressed as part of CRPI requested all transaction be included in file
3. Discrepancies between sub ledger and general ledger (2007-2013)	Business Process / Reconciliation Process addressed prospectively
4. Access and systems controls over data entry and posting deficient	Configuration / CRPII to implement additional controls
5. Accounting Periods not restricted (2007-2013)	Business Process / HCRP addressed system – disciplined cut-off process required
6. PeopleSoft patches could not and can not be applied due to customizations	Impacted one of the fields desired for Historical Reconciliation, not impacting current reconciliation. Upgrade will address absence of patches
7. Inconsistent Third-party and Payment Load retention periods	Business Process / CRPII modifies process and implements consistent retention policy
8. Payment Load transaction recorded to wrong account and BU	Business Process Design and Oversight / CRPII will address process
9. Third-party and Payment Load data sets incomplete	Business Process / CRPII will address process
10. Third-party and Payment Load data questionable integrity	Business Process/Reconciliation addressed prospectively/ CRPII will address process
11. Treasury Module not configured properly	Configuration and design / CRPI addressed / Client requested original design
12. Standard bank reconciliation practices not followed	Configuration and business processes / CRPI addressed
13. Third-party and Payment Load GL retention inconsistent	Business Process / CRPII will address process
14. Third-party and Payment Load non integrated interface	Process design / CRPII will address
15. Inbound and Outbound Bank Files are modifiable	Process design / CRPII will address

Majority of issues were business process related, not system limitations

Background: Cash Remediation



Finding:

State General Fund Investment Pool balances had not been fully reconciled since the implementation of SHARE in July 2006

Cash Remediation I:

1. Re-engineered bank account structure to provide granularity, transparency and facilitate reconciliation
2. Corrected configuration within the SHARE Treasury Module to record inter bank-account activity
3. Required all transactions be included in daily bank-provided data files and loaded into SHARE
4. Developed SHARE queries to facilitate reconciliation
5. Established Cash Control Bureau – charged with bank account reconciliation
6. Initiated Book-to-Bank reconciliation on a point-forward basis beginning February 1, 2013.

Book-to-Bank Reconciliation: Current Status



- Completed 100% of book to fiscal agent bank account reconciliations
 - All required FY14 fiscal agent bank activity was recorded in SHARE; same for FY15

- Conducted effort to reconcile historical balances, however incomplete data sets and absence of data granularity prevented successful completion
 - Historical analysis identified key process improvements needed to clean up reconciliation on a go forward basis

- Model to assess size and fluctuation of differences between agency claims on and resources held by STO developed and being tested
 - Model components developed collaboratively with State Treasurer's Office
 - Model development facilitated by and only achievable after business process changes introduced by CRPI were implemented and reconciliations performed
 - Model Output has been encouraging

Book-to-Bank: Prospective Actions

Cash Remediation Phase II

- ❑ Three focus areas
 - Increase controls and automate bank payment interfaces, eliminating human interaction with bank files once produced from system
 - Establish standardized and streamlined process applicable to all disbursement activities using the Payment Load and Third Party Warrant processes
 - ❑ Transitioning from a Detective to Preventive Control using improved business process
 - Re-engineer SHARE monthly closing process, including development of missing processes, strengthening and streamlining existing processes and improving adequacy of controls
- ❑ Phased roll-out to capture benefits quicker and manage change better
 - October 31 / January 31 / March 31
- ❑ In scope changes to SHARE and business processes will strengthen controls over financial reporting, addressing many of the State's CAFR Findings

Critical Non-System Factors

- Employee turnover and ability to fill positions quickly and transfer knowledge
- Coordinated, structured and evergreen training program
- Model Accounting Practices understanding and related training
- Independence of Agencies and resistance to change
- Strength of existing chart of accounts and other chart field items
- Continuing changes to system requirements from new laws and regulations

Conclusions



- SHARE is working and materially improved
- SHARE is continuously improving
- SHARE is being modernized
- Modernization considerations:
 - Minimizing risks to the enterprise
 - Managing costs, resources efficiently
 - Integrating all system users
 - Addressing business process changes