



2017 FINANCIAL MANAGEMENT CONFERENCE

# Best Practices in Government Financial Management: Working Capital Funds and Shared Services

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# ■ OMB Memo 17-22

- Part III C.
  - Streamline mission-support functions. In areas such as IT, acquisition, financial management, human resources, and real estate, agencies should look for *greater efficiency while maintaining or improving quality*. Agencies should consider leveraging:
    - Intra-and inter-agency *shared services/centers of expertise*
    - Lines of Business or shared IT infrastructure
    - *External service providers*, including those providers on best-in-class contracts as part of the category management efforts; and
    - Outsourcing to the private sector when the total cost would be lower or insourcing a function to government where a contract can be eliminated or scaled back.



# ■ OMB Memo 17-22

- Part III C. (continued)
  - ...In addition, agencies should control spending by *better managing demand and consumption*. For example, this can be done by consolidating information technology infrastructure requirements, purchasing standard configurations for common requirements, participating in volume buying events, and applying best commercial buying practices.
  - Build and use a portfolio of evidence to improve effectiveness. Agencies should propose strategies to use limited resources as smartly as possible by asking: what works, for whom, and under what conditions; whether programs are being implemented effectively; and how programs can be improved to produce better results. *Evidence* may include results from program monitoring and evaluations, performance measures, statistics, and other forms of research and analysis.



# ■ Solution Set

- **Shared Services** Wikipedia
  - The provision of a service by one part of an organization or group, where that service had previously been found, in more than one part of the organization or group. Thus the funding and resourcing of the service is shared and the providing department effectively becomes an internal service provider. The key here is the idea of 'sharing' within an organization or group. This sharing needs to fundamentally include shared accountability of results by the unit from where the work is migrated to the provider. The provider on the other hand needs to ensure that the agreed results are delivered based on defined measures (KPIs, cost, quality etc.).
- **Working Capital Fund** A Glossary of Terms Used in the Federal Budget Process
  - A revolving fund is established by Congress to finance a cycle of businesslike operations through amounts received by the fund. A revolving fund charges for the sale of products or services and uses the proceeds to finance its spending, usually on a self-sustaining basis.



# ■ Unified Shared Services Management Office (USSM)

- Established in October, 2015 [www.ussm.gov](http://www.ussm.gov)
- **Mission:** Transform the way government does business internally to improve the way the government serves the American public.
- **Three strategic goals:**
  - Enable the Federal government to make better decisions by making performance and cost data transparent.
  - Reduce duplication and cost across government for shared administrative functions.
  - Propose and reform policies/guidance to enable the vision for shared services, increase the likelihood of successful migrations, and reduce the barriers to adoption.
- **FY 17 Initiatives:**
  - Modernization and Migration Management (M3) Playbook
  - Governance
  - Data Driven Performance Management
  - Federal Integrated Business Framework



# ■ Best Practices/Non-negotiables

Shared Services	Working Capital Fund
Formal Governance Structure	Stabilized Prices to Support Customer Budget Process
Structured Management of Customer Interactions	Transparency of Costs and Services
Pricing Model and Charge-back Mechanism	Full Cost Recovery/Break Even
Service Level Agreements (SLAs) and Service Level Indicators (SLIs)	Provides Performance Metrics to Inform Decision-making

- ▶ The Academy partners with Grant Thornton to sponsor a quarterly Working Capital Fund symposium, open to agency representatives, to identify and promulgate best practices.
- ▶ Next meeting will be in July 13, 9:00-11:30 a.m. at NAPA offices
- ▶ For more information, contact Brenna Isman at [bisman@napawash.org](mailto:bisman@napawash.org)

