Finance and Administration Cabinet
2020-2022 Strategic Plan

a. Cabinet Number (2 digits) & Cabinet Name
   39 - Finance and Administration Cabinet

b. Department Number (3 digits) & Department Name
   750- Office of the Secretary, Office of Administrative Services, Office of EEO and Contract Compliance, Office of General Counsel, Office of Policy and Audit, Office of Legislative & Intergovernmental Affairs
   130- Department of Revenue
   757- Office of Inspector General
   758- Office of the Controller
   785- Department of Facilities and Support Services
   079- Commonwealth Office of Technology

c. Office/Unit Number (Optional) & Office/Unit Name
   N/A

d. Agency Strategic Plan Origination Date
   October 15, 2017

e. Agency Strategic Plan Update/Revision Date
   October 15, 2019; January 27, 2020

f. Agency Strategic Plan Revision Number
   N/A

I. Agency Mission Statement
   Through leadership and innovation, provide centralized support services to all agencies of state government, other government organizations and the citizens of the Commonwealth.

II. Agency Vision Statement
   Highly valued service delivery by engaged employees to satisfied customers

III. Agency Organizational Core Values
   Conduct business in an ethical, fair and inclusive manner
   Listen, learn and share information and resources
   Efficiently operate with minimum expenditure and effort
   Advance, grow and improve services and service delivery
   Respond and assist others enthusiastically
IV. Statement of Alignment with the Governor's Strategic Themes/Goals

The Finance and Administration Cabinet (FAC) manages programs to improve the efficiency and effectiveness of state government operations, ensures compliance with applicable statutes and regulations in the areas of financial and technical administration, and provides sound financial and facilities management. Although many FAC operations are support functions and not directly apparent to many of our citizens, every business and citizen is touched by FAC.

Several overarching themes of the cabinet have guided staff daily in support of:

- **Procurement Readiness** – restructure delegation authority, reduce retroactive contracts and provide training to all procurement staff in agencies throughout state and local government to ensure rules and regulations are followed.
- **IT and Legacy System Reform**—continue working at the enterprise approach for cloud computing, IT expenditures, data sharing, application development, and more.
- **Facilities Management Reform**—reduce the footprint of state government by returning property to the tax rolls, complete major capital projects on time and on budget, along with taking care of and maintaining the real property state government already owns.
- **Tax System Modernization**—replace legacy IT systems with an integrated tax system, which will reduce risk, improve taxpayer experience and increase efficiency.

A. **Strengthen Kentucky's Financial Foundation**

**Office of the Controller:** The controller’s office strives to ensure the Commonwealth’s Enhanced Management Administrative Reporting System (eMARS) serves the needs of its users as efficiently and effectively as possible while maximizing the best use of taxpayer dollars. Over the past few years, there has been growth in areas such as eCommerce and Procurement Card. While expanding on these areas, implementing new business processes such as On-Line Bidding are also forefront in making sure Commonwealth users’ and vendors’ needs are adequately met.

**Office of Financial Management (OFM):** OFM’s continual cash investment strategy and debt management functions creates financial value for the Commonwealth by maximizing returns while protecting existing funds through effective risk management, credit monitoring, and evaluation of the state’s debt capacity. In FY 2019 OFM oversaw and approved a total issuance of $207.5 million. Also, the existing portfolio is constantly monitored for refunding opportunities. In FY 2019 OFM was able to save $3.25 million in debt service savings on a present value basis.

OFM oversees the Commonwealth’s general depository and custodial banking services contracts, which are necessary for state government to function. Continuing technological and process-related improvements generate efficiency across state government.
Department of Revenue: DOR has several proposed and ongoing initiatives that make it easier for businesses to interact with DOR and that will integrate several tax systems to reduce risk and increase efficiency.

Integrated Tax System (ITS): DOR signed a contract with Revenue Solutions Inc. (RSI) to implement an integrated tax system. This multi-year project will replace many of the department’s current applications. Also, the system will automate many of the manual processes done today resulting in faster processing and greater efficiency. The implementation will be done in three phases with the final phase being a public-facing portal where taxpayers can file and pay making it easier for taxpayers to comply with their tax obligations.

Insourcing of Individual Income Tax Paper Returns: DOR is in-sourcing the processing of the approximately 250,000 paper individual income tax returns for tax year 2019 beginning in 2020. DOR will process returns and capture data using internal systems. Taxpayers will be able to file and pay on-line. In-sourcing will give DOR control over timely refund processing and data integrity benefitting taxpayers and the department and to provide more timely service to taxpayers.

Document retention revisions/document destruction: DOR is in the process of updating its document retention schedules with the Department of Libraries and Archives. This is the first time this has been done comprehensively in many years. All paper documents will be destroyed according to the retention policies or digitized whenever possible. This will free up warehouse space and several staff, making DOR more efficient.

B. Grow Kentucky’s Economy

Public Private Partnership (P3) Master Agreement: 14 contracts were awarded to vendors that can provide P3 consulting services to Commonwealth agencies and political subdivisions. Agencies can select from these qualified vendors to perform the services that best suits the agency’s specific needs. This allows agencies to bring P3 projects to fruition more quickly.

Kentucky Business One-Stop (KyBOS): KyBOS is an online portal that provides a single, unified point of entry to government services for businesses to register, file, pay, and interact with government agencies to satisfy their business obligations to the Commonwealth of Kentucky. Continued enhancements to KyBOS will further expand services to businesses, individuals and agencies. The increased functionality of KyBOS will free up time for businesses to focus on their business.

Minority and Women Business Enterprise (MWBE) Certification Program: The Finance and Administration Cabinet is proud to host Kentucky’s first MWBE program. The goal of the certification program is to encourage growth among Kentucky businesses owned by women and minorities and to assist those enterprises in locating and obtaining further commercial opportunities. Nearly 260 companies are certified.

Service-Disabled Veteran-Owned Small Business (SDVOSB) Certification Program: The SDVOSB program supports service-disabled military veterans who own a business and live in Kentucky. It is designed to promote growth among SDVOSBs and encourage these businesses to locate and expand in the Commonwealth. The state certification is streamlined for those businesses that are already verified and in good standing with the U.S. Department of Veterans Affairs, Center for Verification and Evaluation, Veterans First Verification Program. As of mid-October 2019, 24 companies have been certified.
Both certification programs allow MWBE and SDVOSB companies to compete for work in states outside of the Commonwealth of Kentucky that require certification by a statewide body. In addition, the SDVOSB certification is recognized by numerous entities including:

- Columbia Gas
- Lexington Fayette Urban County Government
- LG&E
- Louisville Water Company
- Louisville Metro Human Relations Commission
- Paducah Water Works

**Small Business Connection:** The objective of the program is to help link Kentucky's small businesses with buyers from government agencies and large businesses. Small Business Connection is a joint effort of the Kentucky Cabinet for Economic Development and the Kentucky Finance & Administration Cabinet.

C. **Create a Healthier Kentucky**

**Recovery Kentucky:** Recovery Kentucky is a program operated by the Kentucky Housing Corporation, administratively attached to the cabinet, supports healthier communities through supportive housing, structured education and mutual-help reliance of Alcoholics Anonymous and Narcotics Anonymous. The recovery centers, made possible by KY Housing Corporation, help individuals move from chemical dependency to a life of sobriety — reducing health issues related to drug dependency and deaths.

D. **Protect and Strengthen Our Communities**

**Office of Policy and Audit (OPA):** TipLine.ky.gov was launched in May 2017 as a resource for citizens to easily report concerns regarding improper, illegal or unsafe activity within the Executive Branch of state government. The TipLine case management system, provided by Red Flag Reporting, allows users (who are given a unique identifier to remain anonymous if desired) to interact with investigators as investigations proceed. Users can share evidence, investigators can reach out to users with additional questions for clarification, or the user can check on the progress of the investigation. As of mid-October 2019, 802 reports have been filed in the system. Of those, 688 or 86 percent have been resolved. The remaining reports are either pending or under investigation. Of the allegations filed, 64 percent are either critical or significant, which means they pertain to legal and financial matters.

**Office of Inspector General (OIG):** The OIG serves as the investigatory arm of the Finance and Administration Cabinet and conducts investigations into alleged mismanagement of state affairs, state funds, and violations of the Kentucky Model Procurement Code. Duties include the prevention, detection and investigation of fraud, abuse, waste, mismanagement, and misconduct by cabinet employees, clients, vendors, contractors or subcontractors. Findings are reported to the Secretary of the Finance and Administration Cabinet. The OIG receives complaints and referrals for inquiry through a variety of sources and may initiate inquiries without referral.

**Commonwealth Office of Technology (COT):**

**FirstNet:** In conjunction with the KY Wireless Interoperability Executive Committee (KWIEC), continues to work closely with the First Responder Network Authority (FirstNet) to fulfill the mission to build, operate and maintain the first high-speed, nationwide wireless broadband network dedicated to Public Safety. FirstNet will provide a single interoperable platform for emergency and daily public safety communications, ensuring a reliable communication system be in place to assist public safety and rescue crews before, during, and after a natural disaster. This will be an LTE Cellular DATA network with priority given to first responders. FirstNet will build additional capacity in unserved and
underserved rural areas of Kentucky, which will improve access to wireless broadband cellular for our citizens and public safety alike. Additional capacity will be added to metro areas to reduce network congestion and ensure delivery of high-speed data.

**Kentucky Emergency Warning System (KEWS):** KEWS provides a fully redundant high-speed dedicated network, which ensures timely communication for public safety personnel and emergency first-responders. As a support operation, the majority of citizens may not be aware that severe weather warnings and timely and targeted emergency responses are made possible by the KEWS network. Additionally, the KEWS network provides a communication backbone for all county health departments, and children’s residential, behavioral health and veteran’s facilities.

**Data and Network Security:** The Office of the Chief Information Security Officer (OCISO) is responsible for enterprise IT security functions that protect the data and systems that provide goods and services to the citizens of the Commonwealth. The OCISO establishes best security practices, risk management processes, security awareness, identity and data/network protection strategies.

**Data Governance:** The new Chief Data Officer (CDO) role advances data management and data governance across the enterprise. The CDO is responsible for data managed and governed as assets, across the Commonwealth, that best facilitates policy decisions, supports innovation, enables operations, and serves citizens and agencies.

**Chief Compliance Officer:** The CCO provides leadership and support to Commonwealth agencies in adopting data privacy practices that ensure the confidentiality, integrity and availability of information. This position also oversees enterprise policy development and review, as well as documentation of COT’s standard management, administrative and operational processes.

E. **Serve Those Who Serve Us**

**Service-Disabled Veteran-Owned Small Business (SDVOSB) Certification Program:** The program allows SDVOSBs to compete for work in other states that require certification by a statewide body. It also enhances business opportunities with other governmental entities, non-profits and other businesses that want to work with veteran-owned companies.

V. **Statement of Alignment with the Agency’s Budget Request & 6-Year Capital Plan**

The FAC Strategic Plan is aligned with and supports both the Six-Year Capital Plan and the Biennial Budget Request. The cabinet will continue to focus on efficient and effective operation of state government and the continuous availability of its services. FAC will continue to rely on the consolidation of services, reexamination of business processes, appropriate re-engineering and integration, the use of updated technologies and standardization of administrative practices.

While the Cabinet continually seeks improvement in its internal operational processes, the overall strategy is to become a leader in administrative methods and to drive appropriate change across all levels of government. Taking an enterprise approach is a driving force for the cabinet especially in technology projects, including moving operations to the “cloud” whenever possible. Mindful of the continued economic challenges facing the Commonwealth, FAC places the highest priority on statutory compliance, preservation of existing facility or service maintenance and contingencies for unforeseen expenditures or major equipment purchases.
VI. Situation Analysis/Environmental Analysis

The secretary of the Finance Cabinet serves as the chief financial officer and manager of the financial resources of the Commonwealth. Through the agencies that comprise the FAC, staff are responsible for the construction and maintenance of state facilities, property management, expenditure control, state purchasing, postal, fleet management and technology services. The Cabinet provides the facilities and administrative support that enables agencies to provide public access to government. The Cabinet also provides management of finances, real property assets and information technology for all other state agencies; collects revenues, invests monies, accounts for financial transactions and provides oversight and manages procurement processes; and equips and supports information systems and infrastructure used throughout state government.

Office of Administrative Services (OAS): Handles all internal administrative and human resource functions of the Cabinet including administrative assistance, budget, purchasing, customer billing, payments, general accounting, personnel, payroll, statewide postal services and fleet management.

Office of Equal Employment Opportunity and Contract Compliance (EEOCC): Responsible for administering the Cabinet's equal opportunity and affirmative action programs. The Office investigates complaints of discrimination and sexual harassment for agency employees, and monitors training of agency staff. Also promotes and monitors minority business participation in state contracting and contractor compliance for all contracts over $500,000. The Office additionally operates and manages the Minority and Women Business Enterprise Certification program and the Service Disabled Veteran Owned Small Business Certification program.

Office of General Counsel (OGC): Legal counsel to the cabinet and oversees all litigation for the cabinet, from protest resolution to hundreds of open records requests. Included in OGC are all attorneys who practice for the Department of Revenue. OGC attorneys also represent the cabinet before administrative boards and at all levels of state and federal court.

Office of Legislative and Intergovernmental Affairs: Supports and is the liaison between the Governor’s Office and the Cabinet in legislative initiatives and mandates.

Office of Policy and Audit (OPA): Serves as the primary auditing and consulting resource for offices within the Finance Cabinet, as well as for agencies across the Executive Branch. The Internal Audit Committee (IAC), chaired by the Secretary of the Finance, reviews and approves the OPA’s annual audit plans, and offers recommendations regarding programs or activities for audit or review. OPA staff provides monitoring and other assistance to ensure effective administration and oversight of governmental services, as well as sound financial management and budgeting practices statewide. For example, the office provides guidance to other cabinets when enacting, amending, and repealing standard procedures. OPA is also an integral part of monitoring, investigating and referring cases through the TipLine.ky.gov reporting system.

Public Information Office (PIO): Oversees internal and external communications, handling media requests for information, preparing and distributing all press releases, coordinating publication of all newsletters, reports and maintenance of Cabinet websites.

Office of the Controller: The office and position of state controller act as the Commonwealth’s chief accounting officer providing the administrative systems and supporting policy for the Commonwealth’s accounting, purchasing, budget execution, financing and investing practices. As the administrator of the official system of record, the Controller’s Office is responsible for both operational and annual financial reporting. The Office of the Controller includes the following: Office of Statewide Accounting Services,
the Division for Local Government Services, the Division of Customer Resource Center, Office of Procurement Services, Office of Financial Management, and the Division of State Risk and Insurance Services. The Office of the Controller structure was created to streamline state government and ensure that the taxpaying public receives the best value for their tax dollar. The office maximizes the use of best practices throughout the Cabinet and all state agencies, eliminates sub-standard operations, creates single points of responsibility for similar and related functions, and eliminates under-utilized services.

**Office of Procurement Services (OPS):** OPS is the central procurement agency for commodities and services for all state government agencies. Some agencies have been delegated certain purchasing authority as allowed; however, OPS has oversight of all procurements handled through the delegations. OPS, in conjunction with the Finance Cabinet Secretary and Office of General Counsel, must approve all delegations and continually monitor performance regarding compliance with KRS 45 and 45A, Kentucky Administrative Regulations, and Finance and Administration Policies and Procedures. This oversight serves as the basis for increased delegated authority as well as rescinding of previously approved delegations.

**Division of State Risk and Insurance Services:** Provides and procures cost effective insurance for state owned property, vehicles, mobile equipment, and liability risk exposures. Also provides state-wide risk management services and procures Public Official Bonds, Commercial Liability, Sickness/Accident insurance policies, Aviation policies and various liability policies to state agencies, universities, and Kentucky Community and Technical College Systems. Operates two self-insured programs, the State Fire and Tornado Insurance Fund for commercial property and the Kentucky Self-Insured Auto Program for state-owned vehicles.

**Division of Local Government Services:** Provides financial, payroll, personnel, administrative and social security coverage services to Kentucky’s state and local governments. Also, oversees Kentucky’s social security coverage program, county fees systems, and payrolls for the county clerk/sheriff in counties with population over 70,000, which entails personnel actions and payrolls for approximately 3,000 local government employees totaling nearly $600 million annually.

**Department for Facilities and Support Services (DFSS):** DFSS is constantly reviewing and analyzing business practices, implementing financial best practices within the department, and using technology to enhance efficiency and effectiveness. The department consists of Division of Real Properties, Division of Historic Properties, Division of Surplus Properties, Office of Building and Mechanical Services, and Office of Facility Development and Efficiency. A key focus in this biennium is a $43 million renovation of the Capitol, Capitol Annex, Capitol Garage, and the Governor’s Mansion. Major mechanical, plumbing and electrical systems are more than 60 years old making them costly and inefficient to operate. The overall scope of work also includes historic restoration of windows, plaster repair throughout the Capitol, repainting of the Great Hall ceiling, as well as HVAC infrastructure improvements to allow simultaneous heating and cooling.

**Department of Revenue (DOR):** DOR is the state agency, which provides administration of the tax laws and collection of tax revenues for the Commonwealth of Kentucky. As set forth in the Finance and Administration’s Strategic Plan, the Department of Revenue strives, “...to be the best steward of the taxpayer’s dollar by responsibly (and) ... effectively administrating the collection of state revenues”. DOR consists of the Office of Tax Policy and Regulation, Division of Protest Resolution, Disclosure Officer, Taxpayer Ombudsman, Office of Processing and Enforcement, Office of Field Operations, Office of Property Valuation, Office of Income Taxation, and Office of Sales and Excise Taxes.
Commonwealth Office of Technology (COT): COT works with agencies to identify risk and unnecessary duplication, and address findings and recommendations for correction and improvement. IT will operate more smoothly with considerably less risk while delivering desired predictable results. COT consists of the Office of the Chief Information Officer, Office of IT Services and Delivery, Office of Project Management, Office of the Chief Information Security Officer, Office of KY Business One-Stop and Office of IT Architecture and Governance working in conjunction with a Chief Data Officer, Chief Compliance Officer, Chief Contracting Officer and a Digital Transformation Group.

COT promotes an enterprise approach to information technology needs for the Executive Branch. This includes:
- Establish best security practices, risk management processes, security awareness, and data/network protection strategies.
- Identify best use and other efficiency and cost-related matters.
- Advance data management and data governance.
- Modernize legacy IT applications.
- Develop, implement, and maintain agency-wide governance for collection, use, maintenance, sharing and disposal of personal information (PI).
- Ensure effective project management across all Commonwealth IT projects.
- Administer IT contracts to drive IT value along with contract quality and delivery.
- Provide single sign-on capability for individuals and entities when interacting with government systems.
- Provide reliable, uninterrupted access to information and critical applications through Commonwealth Disaster Recovery (DR) Plan.
- Provide security forensics services for open records, investigations, security event analysis, incident response, and more.

All of the Cabinet agencies work together through leadership and innovation to provide centralized support services to all agencies of state government, other government organizations, and the citizens of the Commonwealth.

VII. Measurable Goals, Objectives & Key Performance Indicators

Goal 1: Deliver high quality services to FAC customers

1.1 Measure FAC programs and services against expectations of external organizations
   1.1.1 Commonwealth investment practices
   1.1.2 Certificate for Achievement for Excellence in Financial Reporting from the Government Finance Officers Association
   1.1.3 Audit exceptions in the APA statewide single audit and associated audits
   1.1.4 Center for Digital Government ranking of electronic government services or web presence

1.2 Retain a highly competent, ethical and diverse workforce
   1.2.1 Minority and female diversity
   1.2.2 Job-specific staff development opportunities
   1.2.3 Management skills development available to current management staff as well as staff interested in pursuing management opportunities in the future
   1.2.4 Mandatory trainings or review
1.3 Meet the expectations of citizens and agencies across the executive branch
   1.3.1 Offer additional electronic filing opportunities
   1.3.2 Post-procurement contract management and review
   1.3.3 Department of Revenue productivity
   1.3.4 Increase MWBE certification program participation
   1.3.5 Promote business registrations and tax filings via Business One-Stop
   1.3.6 Increase number of agencies brought into Business One-Stop
   1.3.7 Increase number of services offered through Business One-Stop
   1.3.8 Promote and increase SDVOSB certification program participation
   1.3.9 Implement online application for MWBE and SDVOSB certification programs
   1.3.10 Implement an Integrated Tax System

Goal 2: Operate with the greatest level of efficiency

2.1 Strengthen use of shared services offered by FAC
   2.1.1 Enterprise-wide use of centralized IT services
   2.1.2 Discounted rates for US postal services
   2.1.3 EFT utilization
   2.1.4 Maximize centralized or shared investments
   2.1.5 Energy utilized in state-owned buildings
   2.1.6 Devices included in managed print program
   2.1.7 Procard and online purchasing capabilities and monitoring

2.2 Strengthen dialogue with FAC staff
   2.2.1 Re-design cabinet-wide e-newsletter
   2.2.2 Implement additional employee recognition opportunities
   2.2.3 Redesign and re-launch cabinet website

Goal 3: Administer governmental operations effectively

3.1 Increase the accountability of state government via transparency
   3.1.1 Maximize information available via Transparency.ky.gov
   3.1.2 Open records request processing
   3.1.3 Statewide procurement training
   3.1.4 Fleet services and GPS monitoring

3.2 Reinforce principles of data quality in the Commonwealth’s management systems
   3.2.1 Develop and conduct eMARS data quality workshops for all eMARS user agencies
   3.2.2 Implement master data management for enterprise “golden record”
   3.2.3 Strengthen Dept of Revenue-sponsored outreach
   3.2.4 Professional development opportunities within staff workplaces

3.3 Continuity of governmental operations
   3.3.1 Develop a backup and job turnover plan for employees
   3.3.2 Create a leadership development program for FAC staff
   3.3.3 Institutionalize and formalize the processes and practices of FAC