

# Migration Planning Guidance (Draft)

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## Section 1.1 Overview

The purpose of the Migration Planning Guidance document is to help agencies prepare for, and manage, a migration to a shared services center.

The layout of the Migration Planning Guidance document is as follows:

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## Chapter 1: Overview and FAQs

The purpose of this chapter is to provide an overview of the Migration Planning Guidance and the Financial Management Line of Business initiative.

Section 1.1 Overview – This section provides the table of contents for Migration Planning Guidance

Section 1.2 FAQs – This section aims to answer questions from customer agencies, service provider agencies, and private sector vendors about the vision, requirements, implementation, and risks of migration to a Shared Service Center.

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## Chapter 2: Menu of Services

The purpose of the Menu of Services is to help agencies better understand the services of shared service providers.

Section 2.1: Menu of Services Overview – The purpose of this section is to provide an overview for the Menu of Services to help agencies better understand the services of shared service providers.

Section 2.2: Menu of Services (by Federal SSC) – This section outlines the services provided by the federal Shared Service Centers (SSCs).

## Chapter 3: Procurement Guidance and Tools

Section 3.1: FM Due Diligence Checklist – This section contains the *Financial Management Line of Business Shared Service Center Due Diligence Checklist*, which includes the standards to which shared service centers must comply. The text in blue indicates changes from Version 1 of the Checklist.

Section 3.2: Competition Framework – Contains the OMB *Competition Framework for Financial Management Line of Business Migrations*.

Section 3.3: RFP Overview (TO BE DELIVERED APRIL 10) – The purpose of this section is to provide an overview of the RFP Template in Section 3.4. The overview is intended help agencies identify the basic elements and requirements of a Request for Proposal (RFP) for migrating an agency's financial operations to a shared service center.

Section 3.4: RFP Template (TO BE DELIVERED APRIL 10) – This section provides a Request for Proposal (RFP) template with sample text. A description of the sections within this template is included in the RFP Overview section.

Section 3.5: SLA Overview – This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

Section 3.6: SLA Template – This section provides a Service Level Agreement (SLA) template with sample text. A description of the sections within this template is included in the SLA Overview section.

Section 3.7: Performance Measurement – This section provides an approach to measuring performance and suggested performance metrics for the FMLoB initiative.

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## Chapter 4: Change Management Guidance and Tools

This chapter provides best practices and tools regarding Change Management.

Section 4.1: Change Management Best Practices – This section provides considerations for managing the organizational changes to facilitate the transition from an agency's existing financial systems and/or operations to a shared service center.

Section 4.2: Communications Plan Template – This section provides a sample communications plan template with sample text. A description of the sections within this sample is included in the Change Management Best Practices Section.

## Chapter 5: Implementation Guidance and Tools

This chapter provides a Microsoft Project Plan template for a migration project plan and an explanation of the purpose and tasks within each phase.

Section 5.1: Project Plan Overview – This section provides an overview for the migration Microsoft Project Plan template in Section 5.2. It includes an explanation of the purpose and tasks within each phase and their dependencies.

Section 5.2: Project Plan Template (MS Project) – This section contains the MS Project Plan for migration.

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## Chapter 6: Marketing Materials

This chapter provides marketing materials from the Federal SSCs, commercial SSCs, and FSIO-certified product vendors.

Section 6.1: Federal SSCs

Section 6.2: Commercial Sector

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## Chapter 7: Glossary and Acronyms

This chapter provides definitions for terms used as part of the transition from an agency's existing financial systems and/or operations to a shared service center.

# Migration Planning Guidance (Draft)

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## Section 1.2 Frequently Asked Questions

This section aims to answer questions from customer agencies, service provider agencies, and private sector vendors about the vision, requirements, implementation, and risks of migration to a Shared Service Center.

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## 1.2 Frequently Asked Questions

This section aims to answer questions from customer agencies, service provider agencies, and private sector vendors about the vision, requirements, implementation, and risks of migration to a shared service center of the Financial Management Line of Business initiative (FMLoB).

### Part A: FMLoB Overview

1. What are the vision and goals of the Financial Management Line of Business (FMLoB)?
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The overall vision of the FMLoB is to improve the cost, quality, and performance of financial management (FM) systems by leveraging shared service solutions and by implementing other government-wide reforms that foster efficiencies in federal financial operations.<sup>1</sup>

The goals of the FMLoB include implementing federal financial systems that:

- Provide timely and accurate data available for decision-making;
- Facilitate stronger internal controls that ensure integrity in accounting and other stewardship activities;
- Reduce costs by providing a competitive alternative for agencies to acquire, develop, implement, and operate financial management systems through Shared Service solutions;
- Standardize systems, business processes, and data elements; and
- Provide for seamless data exchange between and among Federal agencies by implementing a common language and structure for financial information and system interfaces.<sup>2</sup>

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<sup>1</sup> Office of Management and Budget, Memorandum for Chief Financial Officers, Update on the Financial Management Line of Business and the Financial Systems Integration Office, Pg. 1. December 16, 2005.

<sup>2</sup> Office of Management and Budget, Memorandum for Chief Financial Officers, Update on the Financial Management Line of Business and the Financial Systems Integration Office, Pg. 1. December 16, 2005.



## 2. What is the desired future state of the FMLoB initiative?

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When the FMLoB is successful, there will be a limited number of stable and high performing shared service centers that provide competitive alternatives for agencies investing in financial system modernizations. The economies of scale and skill of the shared service providers will allow them to provide federal agencies with lower risk, lower cost, and increased service quality alternatives for financial system modernization efforts.<sup>3</sup>

## 3. What are the primary tools that will be used to achieve the vision of FMLoB?

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The primary tools for FMLoB include:

- Federal Shared Service Centers (SSCs) and private sector shared service centers;
- Financial Systems Integration Office<sup>4</sup> (FSIO)-compliant core financial systems;<sup>5</sup>
- Standard Business Processes, Rules, and Data Elements; and
- A Standard Common Government Accounting Code.

## 4. What is a Shared Service Center (SSC) for FMLoB and how does it function?

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A shared service center is a distinct organization, established to provide technology hosting and administration, and where appropriate, application management and business process services for other entities.<sup>6</sup>

- A federal Shared Service Center (SSC) for FMLoB must:

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<sup>3</sup> Office of Management and Budget, Memorandum for Chief Financial Officers, Update on the Financial Management Line of Business and the Financial Systems Integration Office, December 16, 2005.

<sup>4</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

<sup>5</sup> OMB Circular No. A-127—Revised, Requires Software Certification Testing of "off-the-shelf" to ensure that it meets core financial system requirements, 8d(2), June 1999.

<sup>6</sup> The definition of a Shared Service Center was modeled on the definition provided by the Association of Government Accountants, Corporate Partner Advisory Group, in the report Financial Management Shared Service: A Guide for Federal Users, Pg. 4, Research Series: Report No. 2, July 2005.

However, one modification was made to clarify the range of services to be centrally managed and provided by an SSC. In the OMB December 16th memorandum, it states, "Shared Service solutions will enable economies of scale by centrally locating, or consolidating, solution assets and reusing Federal and commercial subject matter expertise through common acquisitions, interface development and application management."

- Demonstrate that it has the capacity to successfully provide the appropriate level of services to customer agencies in an OMB Exhibit 300 business case;
- Meet the demonstrated capabilities outlined in the OMB *Competition Framework for Financial Management Lines of Business (FMLoB) Migrations*:
  - Utilize a core financial management system meeting requirements issued by the Financial Systems Integration Office (FSIO)<sup>7</sup>;
  - Meet the requirements of the Financial Management Due Diligence Checklist; and
  - Comply with any additional applicable requirements, such as: privacy, security, compliance with section 508 of the Rehabilitation Act, continuity of operations, critical infrastructure protection, disaster recovery, service level agreements, and help desk services.
- Private sector shared service providers will not be designated as an FMLoB Shared Service Center by the Office of Management and Budget (OMB). However, customer agencies considering private sector providers are expected to consider only those providers who demonstrate the capabilities outlined in the OMB *Competition Framework for FMLoB Migrations*. Question #4 in Part C of the FAQs will give more guidance for private sector shared service providers.

Partnerships among both federal SSCs, private sector shared service centers, and other services firms are encouraged.

## 5. What are the services provided by shared service centers for FMLoB?

Shared service centers typically offer three main levels of service to cover a wide breadth of financial management operations:

- Technology Hosting and Administration – providing the IT infrastructure (facilities and infrastructure software) that serve as the foundation for running business software applications and the services to maintain that infrastructure.
- Application Management Services (or Software Management) – involves services for running and managing access to business software

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<sup>7</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

applications, in this case, financial management software and the feeder systems that provide data to the financial management software.

- Business Process Services – involves services ranging from transaction processing to financial management reporting and analysis. The range of service offered by providers varies.

In addition, the provider of a shared service center may also offer System Implementation Services to help an agency through a migration of their current financial management operations to the new environment.

Please reference the Menu of Services Overview (Section 2.1) provided in this document for additional detail. In addition, Section 2.2 provides a detailed list of the service offerings by federal SSCs.

## 6. Are there any SSCs currently in use today?

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Yes, the concept of sharing services has been around since the early 1980's and is often referred to as "cross-servicing".

There are currently four recognized federal SSCs. The four federal service providers are:

- Department of Treasury - Bureau of Public Debt (Administrative Resource Center) (<http://arc.publicdebt.treas.gov/>).
- Department of Interior (National Business Center) (<http://www.nbc.gov/>).
- Department of Transportation (Enterprise Services Center). (<http://www.esc.gov/>).
- General Services Administration (Financial Information Services Center) (<http://fmcoe.gsa.gov/>).

In addition, private sector providers have been encouraged to participate in the procurement process for these services. Question #4 in Part C of the FAQs will give more guidance for private sector shared service providers.

## 7. Are the agencies mandated to become or migrate to an SSC?

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With limited exception, agencies seeking to upgrade or modernize their core financial management system(s) must either migrate to a public or private shared service center or be designated as a shared service center. It is OMB's intent to avoid costly and redundant investments in "in-house"

solutions for common support services so that shared service operations may achieve their full potential and anticipated returns. An agency may rely on its in-house operations without being designated as a shared service center only if the agency can show, through competition or other formal alternatives analysis, that its internal operations represent a best value and lower risk alternative over the life of the investment.<sup>8</sup>

8. What are the expectations of performing the business case analysis for either moving to a shared service center or becoming an SSC?

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The expectation for performing a business case analysis is a two-stage process that begins with the analysis of alternatives for the OMB Exhibit 300.

- Step 1: Agencies must perform a business case analysis through the OMB Exhibit 300 process to determine the level of support required for their agency and/or their agency's capability of providing technology hosting and administration services to other federal agencies. Their analysis must include migration to a shared service center, including a federal SSC, as an alternative.
- Step 2: This step is dependent on the results of the business case analysis:
  - If the agency's business case supports becoming an SSC, then the agency should follow the guidelines in Question #1 in Part C.
  - If the agency's business case supports migration to a shared service center, the agency must, at a minimum, migrate its technology hosting and application management functions to a shared service center. However, during the Request for Proposal process, migrating agencies may gather information on better business alternatives that cause them to revisit their business case. For example, migrating agencies may find that responses to an RFP indicate that moving business process services in addition to their IT hosting and application management functions is the best business case.
  - If the agency's business case supports an exception to migration to a shared service center, then the alternative plan should be submitted to OMB for approval.

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<sup>8</sup> Excerpted from the OMB Competition Framework for Financial Management Lines of Business Migrations

9. What kind of information should be included in an agency's OMB Exhibit 300 business case analysis?

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Typical Business Case Topics may include:<sup>9</sup>

- Current situation and business issues—motivation to change; the “burning platform”
- Baseline of current operations
- Benchmarks against comparable organizations
- Vision for financial systems and processes, including the role of Shared Service; conformity to OMB Circular A-127
- Life cycle costs/budget\*
- Security and privacy issues and disaster recovery\*
- Performance goals/metrics\*
- Acquisition strategy\*
- Program management\*
- Enterprise architecture\* (conformity to OMB Circular 130)
- Performance-based management system\*
- Support for the President’s Management Agenda\*
- Alternatives analysis\*
- Risk management\*
- Enterprise Architecture\*
- Security & Privacy \*
- Anticipated benefits, recommendations, and action plan
- Relation to overall capital/ IT plan
- Anticipated staff issues
- People/skill set requirements
- Implementation approach and timetable

10. How soon should my agency migrate to a shared service center or become an SSC?

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Agencies will move to a shared service environment on a case-by-case basis based upon the agency’s OMB Exhibit 300. OMB will work with agencies to determine the best date for their migration milestone.

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<sup>9</sup> Sources: [Circular A-11, Part 7, Planning, Budgeting, Acquisition and Management of Capital Assets](#), Executive Office of the President, Office of Management and Budget, July, 2004; Schulman, Donniel S., Dunleavy, John R., Harmer, Martin, J., Lusk, James, S. [Shared Service: Adding Value to The Business Units](#), 1999; and interviews by the Association of Government Accountants, Corporate Partner Advisory Group, in the report [Financial Management Shared Service: A Guide for Federal Users](#), Research Series: Report No. 2, July 2005.

\*Topics evaluated by OMB in review of the business case portion of Exhibit 300.

However, it is anticipated that within 10 years all agencies will have moved their IT hosting to an SSC or a private sector shared service center, or will have become an SSC themselves.

11. What if my agency is already in the midst of a financial management system upgrade or modernization? Does my agency now need to consider migration to a shared service center?
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The FMLoB initiative is not intended to add risk to the investment decision of an existing on-going financial management system implementation or to move an agency to a shared service center before it is ready.

As long as the agency is meeting the IT milestones of its upgrade plan, the agency does not need to consider migration until the appropriate time in its systems life cycle, i.e., when the agency is ready to modernize its system.

12. What if my agency is not on the latest version of FSIO<sup>10</sup>-compliant software? Must my agency now need to consider migration to a shared service center?
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Under OMB A-127, each agency is required to operate a core financial management system meeting requirements issued by the Financial Systems Integration Office (FSIO).

The act of moving from a financial management system that is not FSIO-compliant to FSIO-compliant financial management system is considered an upgrade. This is a modernization effort that requires an agency to develop an OMB Exhibit 300 business case, which assesses whether there are other, better business alternatives to upgrading only the software. Please refer to the answer in Part A, Question #7: Are the agencies mandated to become or migrate to an SSC?"

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<sup>10</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

## Part B: Moving to a shared service center

1. Our agency's Analysis of Alternatives and OMB Exhibit 300 show we should migrate to a shared service center – what process should we now undertake?

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Once the agency has completed its analysis of alternatives and OMB Exhibit 300, it should:

- 1) Submit the OMB Exhibit 300 business case analysis to OMB to receive approval on the shared service center migration option.
- 2) Upon approval,
  - All agencies should engage in the full competitive process to the extent that their resources allow and to the extent their authorizing statutes require.
  - Information regarding the guidelines for the competitive process is outlined in the OMB *Competition Framework for FMLOB Migrations*, Section 3.2 of this document.

2. What is the process by which my agency should obtain funding for migration?

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In the OMB Exhibit 300, the agency should include its overall plan for migration and the financial implications of migration (if applicable). If approved, the funding will be proposed through the budget process.

3. If my agency is migrating to a shared service provider...

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Must it migrate ALL financial operations to a shared service center?

No, if your agency decides not to become an SSC, at a minimum, it must consider moving only hosting and application management shared services. However, agencies are encouraged to consider shared services such as accounting or transaction processing as part of its OMB Exhibit 300 business case analysis to determine the appropriate level of service required – there is not a “one-size-fits-all” solution. In addition, agencies are encouraged to consider developing requests for proposals that include these additional

business process services; bundling more services together could decrease an agency's overall cost of operation.

It is expected that, in most cases, smaller agencies will decide through their business case analysis to migrate all of their financial operations to a shared service center.

Must it migrate all bureaus concurrently?

No, the agency does not need to migrate all bureaus concurrently. Agencies must assess and weigh the risks associated with large-scale migrations. Agencies should outline in their OMB Exhibit 300 business case a timeline for migrating all of the bureaus to the hosted environment based upon the risk assessment.

In addition, agencies may decide, based upon their business case, to contract out different levels of service for its different bureaus.

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4. What is OMB's guidance for competition for FMLoB?<sup>11</sup>

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Please see the OMB *Competition Framework for FMLoB Migrations* in Section 3.2 of this document.

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5. Must my agency review federal SSC offers using the same rules of competition as the private shared service providers under the FAR?

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Yes. The OMB *Competition Framework for FMLoB Migrations* specifies that agencies shall generally use the policies and procedures of the Federal Acquisition Regulations (FAR) to guide their competitive migrations. Certain FAR requirements are not applicable to SSCs. For example, an SSC offer is not required to include: (a) a labor strike plan, (b) licensing or other certifications, (c) a subcontracting plan, and (d) participation of small disadvantage businesses.<sup>12</sup>

Please refer to Section 3.2, the OMB *Competition Framework for FMLoB Migrations*, within this Migration Planning Guidance Document for additional information.

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<sup>11</sup> Please see the of OMB [Competition Framework for Financial Management Lines of Business Migrations](#) for more detail.

<sup>12</sup> Adapted from the OMB [Competition Framework for Financial Management Lines of Business Migrations](#)



6. What are the minimum set of agreements that will be necessary between a shared service provider and a customer agency?<sup>13</sup>

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If the customer agency selects a private sector shared service center, the customer must administer the contract in accordance with the FAR. In particular, the customer must:

- Have a Quality Assurance Surveillance Plan (QASP) and a team in place to implement the plan.
- Evaluate the contractor's performance on an ongoing basis for consideration in future competitions for federal work.
- As part of the contract, the customer will enter into a Service Level Agreement (SLA) that defines roles and responsibilities between the customer agency and the shared service provider. Please refer to the SLA Overview (Section 3.5) and SLA Template (Section 3.6) in this Migration Planning Guidance Document for additional information

If the customer agency selects a federal SSC, the customer and service provider will enter into an inter-agency agreement clearly identifying the workload, performance levels, the method of quality surveillance, and the cost for performance. In particular, the customer must:

- Have a QASP and a team in place to implement the plan.
- Evaluate the provider's performance on an ongoing basis for consideration in future competitions for federal work.
- In addition to the inter-agency agreement, the customer agency will enter into a Service Level Agreement (SLA), which defines the terms of agreement between the customer agency and the federal SSC. Please refer to the SLA Overview (Section 3.5) and SLA Template (Section 3.6) in this Migration Planning Guidance Document for additional information.

All contracts and agreements will include performance metrics so that performance of core functions and other value-added services can be periodically evaluated, with adjustments being made where necessary, including consideration of a new public or private sector provider over the long-term if service is not satisfactory.

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<sup>13</sup> Please see the OMB Competition Framework for Financial Management Lines of Business Migrations for more detail.

7. Should my agency expect shared service providers to offer standard escalation, resolution and arbitration mechanisms when the terms and conditions of the agreement are not met?
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The specific mechanisms are to be negotiated between the customer agency and the shared service provider (both federal and private). These mechanisms should be documented in the Service Level Agreement (SLA), which should include, at a minimum, performance-based fee structures adequate to mitigate risks.

## Part C: Becoming a shared service center

### 1. How does a federal agency become an OMB-designated SSC?

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To become an OMB-designated SSC, an agency should submit for review and approval the OMB Exhibit 300. Through the OMB Exhibit 300 business case, it must demonstrate the capacity and a business plan to provide the appropriate level of services to customer agencies and component bureaus. In addition, it must meet the demonstrated capabilities outlined in the OMB *Competition Framework for FMLoB Migrations*:

- Utilize a core financial management system meeting requirements issued by the Financial Systems Integration Office (FSIO)<sup>14</sup>;
- Meet the requirements of the Financial Management Due Diligence Checklist; and
- Comply with any additional applicable requirements, such as: privacy, security, compliance with section 508 of the Rehabilitation Act, continuity of operations, critical infrastructure protection, disaster recovery, service level agreements, and help desk services.

### 2. How can federal SSCs realistically compare costs when first-rate cost accounting still does not exist in federal government agencies?

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There are many ways that agencies can capture cost information under a shared service arrangement in the absence of a cost accounting system.

- Agencies can evaluate the pricing proposed by potential providers.
- Agencies can recover cost information on their own operations based on reports that capture expenditures on financial management operations (e.g., cost by organization, cost by object class).

Section 3.7, Performance Metrics, identifies cost, quality, and timeliness metrics that will assist agencies in analyzing the costs of the various alternatives.

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<sup>14</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

### 3. How does a federal SSC fund its capital investments for enhancements and infrastructure upgrades?

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Federal service providers must establish a capitalized investment plan based on their statutory authority (Economy Act or intragovernmental revolving fund such as franchise fund, working capital fund, and the public enterprise fund).

Based upon their statutory authority, a federal SSC's capital investment plan may include options such as: (i) rolling over funds for investment, (ii) requesting additional budget authority for investments combined with a plan to recoup the investment, (iii) establishing agreements with customers to fund investments, and (iv) entering into public-private partnerships.

### 4. How does a private sector provider become an FMLoB SSC?

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There will be no formal designation of commercial providers as an FMLoB SSC. Instead agencies must determine if a private sector service provider meets the standards to support the requirements of FMLoB. The private sector provider seeking to become a shared service center for federal agencies will respond to a customer agency's Request for Proposal. In the Request for Proposal (RFP), the provider must:

- Demonstrate that it has the capacity to successfully provide the appropriate level of services to the customer agency;
- Meet the demonstrated capabilities outlined in the OMB *Competition Framework for FMLoB Migrations*:
  - Utilize a core financial management system meeting requirements issued by the Financial Systems Integration Office (FSIO)<sup>15</sup>;
  - Meet the requirements of the Financial Management Due Diligence Checklist; and
  - Comply with any additional applicable requirements, such as: privacy, security, compliance with section 508 of the Rehabilitation Act, continuity of operations, critical infrastructure protection, disaster recovery, service level agreements, and help desk services.

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<sup>15</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

5. How will a level playing field be maintained for federal SSCs that operate a franchise fund versus SSCs operating under the Economy Act?
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Each SSC should take advantage of its own unique competitive niche. A franchise fund or some other working capital fund will give agencies additional flexibility to fund improvements necessary to meet customer needs. To the extent this creates a competitive disadvantage; OMB is exploring ways that agencies without such a fund can be an effective player in the shared service market.

6. How does a federal SSC or private sector vendor lose its FMLoB SSC status?
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A federal SSC may lose its FMLoB SSC status if it:

- Fails to maintain compliance with some or all of the Financial Management Due Diligence Checklist, or
- Discontinues offering customer agencies the appropriate level service.

Private sector shared service centers are not designated as FMLoB SSCs. However, like federal SSCs, they are expected to maintain compliance with the Financial Management Due Diligence Checklist and to continue offering the appropriate level of services to prospective federal agency customers.

7. If a shared service center loses its SSC status or fails to maintain compliance with the requirements of the OMB *Competition Framework for FMLoB Migrations*, how will this impact its customers?
- 

The loss of SSC status or failure to maintain compliance with the requirements of the OMB *Competition Framework for FMLoB Migrations* does not necessarily mean an immediate move for customer agencies away from the shared service center. The performance standards in the SLA should include specific exit criteria whereby customer agencies may leave the agreement if the provider loses its SSC status, fails to meet the requirements of the OMB *Competition Framework for FMLoB Migrations*, or exhibits performance below an acceptable standard. These exit criteria should be agreed to by both the customer agency and the shared service provider.

It is reasonable to expect that the customer agency would need to evaluate its alternatives for appropriate action and timing to reduce risk and unnecessary

cost. For example, a customer agency may determine, based on its evaluation of a shared service provider's corrective action plan, that it will maintain its relationship with the shared service center through the end of its contract or upon breach of the corrective action plan.

8. How often does a shared service center need to evaluate itself against the Financial Management Due Diligence Checklist?

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In a practical sense, the Due Diligence Checklist is revisited whenever a shared service provider submits a response to a competitive procurement, a customer agency enters into an agreement with the shared service provider, or (for federal SSCs only) annually with the OMB Exhibit 300 submission.

However, as a rule, compliance with the Due Diligence Checklist must be maintained at all times.

9. How does an audit finding of the SSC's parent agency affect the SSC's status as an OMB-designated SSC?

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It depends on whether the business practices and systems of the SSC are the cause of the audit finding.

- If the SSC's financial system has produced financial statements that have resulted in an unfavorable audit opinion, or the SSC has failed a SAS-70 audit, then the SSC is not in compliance with the Financial Management Due Diligence Checklist. Non-compliance with the Checklist may cause the SSC to lose its status.
- However, an SSC's parent agency can fail to achieve a clean audit opinion for reasons outside of the auspices of the SSC or of the financial management system operated by the SSC. For example, an unfavorable audit opinion may be generated by the parent agency for not maintaining strong policies and processes in financial areas in which the SSC is not providing service (e.g. inventory, plant property, or equipment) or by not maintaining internal controls outside the auspices of the SSC. In this case, the federal SSC's status may be unaffected. Regardless, the federal SSC must be prepared to address the concerns of its current customers by demonstrating it is maintaining sound business practices and by detailing the impact that its parent agency's audit finding will have on its ability to market to future customers.

A customer agency should perform due diligence in understanding whether the financial deficiency of an SSC's parent agency could impact the customer

agency's audit opinion, and use this understanding as a criteria when selecting an SSC and its services.

10. How does an audit finding of a customer agency affect the shared service provider's status?

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It depends on whether the business practices and systems of the SSC are the cause of the audit finding.

- If it is the shared service center's financial system that has failed to produce clean financial statements or cause security issues, then a shared service center is not in compliance with the Financial Management Due Diligence Checklist. Non-compliance with the Checklist may cause a federal SSC to lose its status.
- Per the Federal Financial Management Improvement Act (FFMIA), customer agencies are responsible for the integrity of their own financial data, and ensuring that the appropriate internal controls are in place to support financial integrity.

## Part D: Managing the risks of migration and shared service contracts

1. What is OMB doing in terms of migration planning to support both agencies and shared service centers?<sup>16</sup>

OMB is partnering with the 24 CFO Act Agencies to develop the following to support the FMLoB initiative:

- Standard Performance Measures to evaluate performance of shared service centers and agency financial processes
- Migration Planning Guidance to facilitate migration planning efforts for agencies
- Standard Financial Management Business Processes, Rules, and Data Elements to facilitate systems migrations and data exchange
- Common Government Wide Accounting Code to facilitate systems migrations and data exchange

2. What are some of the examples of risks our agency should anticipate in preparing for a migration, and what are recommendations to mitigate these risks?<sup>17</sup>

Risk	Mitigation Strategy
<b>Leadership and Governance</b>	
Lack of Senior Leadership Buy-in	<ul style="list-style-type: none"> <li>■ The Agency head should sign both a letter outlining support for migration effort and the Financial Management Systems Strategy.</li> <li>■ Align the project goal with the Agency's Strategic Plan.</li> </ul>
Ineffective coordination	<ul style="list-style-type: none"> <li>■ Establish a governance structure that</li> </ul>

<sup>16</sup> For more detail, please reference the Appendix of the Office of Management and Budget, Memorandum for Chief Financial Officers, Update on the Financial Management Line of Business and the Financial Systems Integration Office, December 16, 2005.

<sup>17</sup> Adapted from the GAO Report: Financial Management Systems, Additional Efforts to Address Key Causes of Modernization Failure, March 15, 2006 and the Information Technology Resources Board Handbook: Project Management for Mission Critical Systems, April 2005.



Risk	Mitigation Strategy
and communication between the CFO/CIO	involves both organizations.
<b>Project Management</b>	
Lack of Clear Lines of Responsibility	<ul style="list-style-type: none"> <li>▪ Engage key stakeholders from each office in outlining the governance structure of the entire migration effort.</li> <li>▪ Document responsibilities and decision-making authority for each role in the governance model.</li> <li>▪ Obtain sign-off on the governance model.</li> </ul>
Poor Project Management	<ul style="list-style-type: none"> <li>▪ Use the Architecture to Drive Project Planning.</li> <li>▪ Establish a well-qualified project manager with good communication skills, risk management experience, technical expertise, and sense of the big picture.</li> </ul>
Scope Creep	<ul style="list-style-type: none"> <li>▪ Agree on the Project Initiation documents and the process for managing changes that affect scope, cost, and timeline.</li> </ul>
Loss of momentum in government-wide implementation	<ul style="list-style-type: none"> <li>▪ Ensure there is both a project management mechanism for tracking progress towards outcomes and milestones and a communications plan for communicating progress to stakeholders.</li> </ul>
Inability to implement disciplined processes	<ul style="list-style-type: none"> <li>▪ Define success up front.</li> <li>▪ Use metrics to focus on outcomes and establish a mechanism for reporting progress towards the outcomes.</li> <li>▪ Establish a comprehensive project plan and a mechanism for reporting progress against the plan.</li> </ul>
<b>Change Management</b>	
Staff resistance to change	<ul style="list-style-type: none"> <li>▪ Develop a human capital plan to help the organization understand future opportunities.</li> <li>▪ Develop a communications plan to improve understanding of the benefits of migration.</li> </ul>
Staff is not ready for the	<ul style="list-style-type: none"> <li>▪ Develop a human capital plan to help train</li> </ul>

Risk	Mitigation Strategy
change	staff and to help staff prepare themselves for the change.
<b>Technology Risks</b>	
Feeder systems	<ul style="list-style-type: none"> <li>▪ Define interfaces in an Enterprise Architecture blueprint as part of the Concept of Operations phase.</li> <li>▪ Engage feeder system owners as part of the Migration Team to ensure there is two-way communication on system changes.</li> <li>▪ Perform end-to-end integration testing to ensure the flow of data from the feeder system to the new financial system is accurate.</li> </ul>
Data Cleansing	<ul style="list-style-type: none"> <li>▪ Define the scope of the data to be converted to the new financial management system.</li> <li>▪ Migrate the system on a fiscal year boundary.</li> <li>▪ Perform an analysis of the cleanliness of the data to be converted in the existing system, and develop a plan of action to cleanse bad data.</li> </ul>
Excessive modification of COTS Systems	<ul style="list-style-type: none"> <li>▪ Develop a solid Concept of Operations that considers business process changes before system changes.</li> </ul>
Failure to adequately consider existing IT management processes and framework	<ul style="list-style-type: none"> <li>▪ Align with the CIO on the enterprise architecture for the financial system.</li> </ul>

The Change Management Best Practices (Section 4.1) and Project Plan Template (Section 5.2) in the Migration Guidance document provide suggestions on how to mitigate some of these risks.

3. My agency has many feeder systems to its financial management systems. How will migrating impact its interfaces?

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As part of their financial management strategy, each agency is expected to have an enterprise architecture blueprint that depicts the feeder systems that interfaces with its financial management system and to understand each

feeder system's requirements. As part of the Concept of Operations, the agency and the shared service provider must work together to define how those interfaces will continue to operate.

- Agencies must consider the integration of feeder systems in the migration planning and the contract or SLA.
- Core and feeder systems must be compliant with the Federal Financial Management Improvement Act of 1996 and the CFO Act.

4. Who is responsible for data clean-up of my agency's core financial data and the feeder systems as part of the migration?

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The primary responsibility is with the migrating agency. However, several shared service providers also offer consulting services for data clean up.

5. How should my agency's CIO and CFO share the responsibilities of migrating to a shared service center?

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Each migrating agency needs to establish a governance structure that best meets the financial management and enterprise architecture requirements of that agency. OMB recommends that the governance structure include members within the CFO and CIO offices. An example of a governance structure is provided in the Change Management section of the Migration Planning Guidance.

6. Are agencies expected to standardize accounting code or business processes prior to migration?

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No. However, the agency must consider the standardization of business processes and accounting code. All FSIO<sup>18</sup>-compliant systems must adapt, within a reasonable timeline, to the standard accounting code and business processes established for FMLoB. In addition, shared service providers may require standardization depending on the level of service requested.

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<sup>18</sup> FSIO is formerly the Joint Financial Management Improvement Program (JFMIP). (<http://www.fsio.gov>)

7. As a customer agency, if the parent agency of the shared service center supporting me receives an unfavorable audit opinion, how will my own agency's audit be impacted?
- 

In many cases, shared service activities such as hosting, application management, and transaction processing will not be significantly impacted by the financial management weaknesses of the federal SSC's parent agency.

However, if it is the SSC's financial system that has failed to produce clean financial statements or cause security issues with the parent agency, then a customer agency must investigate whether this will have an impact on its own operations. Per the Federal Financial Management Improvement Act (FFMIA), customer agencies are responsible for the integrity of their own financial data, and ensuring that the appropriate internal controls are in place to support financial integrity.

OMB expects all customer agencies to closely review the financial management strengths and weaknesses of each shared service center as part of their decision to migrate to a specific provider. As agencies review bids from shared service providers, they should know whether any known weaknesses could also impact their audit.

8. If the shared service center supporting my agency loses its status as an SSC or fails to maintain compliance with the requirements of the OMB *Competition Framework for FMLoB Migrations*, what happens to my agency's financial management system and operations?
- 

The loss of SSC status or failure of a shared service provider to maintain compliance with the requirements of the OMB *Competition Framework for FMLoB Migrations* does not necessarily mean an immediate move for the customer agency away from the SSC.

It is reasonable to expect that if a shared service center loses its SSC status or fails to comply with the requirements of the OMB *Competition Framework for FMLoB Migrations* that the customer agency would need to evaluate its alternatives for appropriate action and timing to reduce risk and unnecessary cost. For example, a customer agency may determine, based on its evaluation of a shared service provider's corrective action plan, that it will maintain its relationship with the shared service center through the end of its contract or upon breach of the corrective action plan.

The performance standards in the SLA should include specific exit criteria whereby the customer agency may leave the agreement if the federal or private sector provider loses its status as a shared service center or exhibits performance below an acceptable standard. These exit criteria should be

agreed to by both the customer and the shared service center. In addition, the exit criteria should be crafted so that performance difficulties can be identified early on and a resolution can be determined before performance becomes an irreconcilable concern. Customer agencies and shared service providers may also negotiate transition costs in the exit criteria or as part of their overall contract.

Finally, it is recommended that the customer agency and the shared service provider outline a high-level plan of action to transfer services of the customer agency to another provider in the event the customer agency chooses to leave the agreement.

9. If my agency moves its transaction processing to a shared service center, who is accountable for funds control?<sup>19</sup>
- 

The customer agency is ultimately responsible for compliance with the appropriate statutes governing funds control, cost information, and the overall accuracy of its financial information. The fact that an independent or semi-independent provider is processing the information, or providing an IT platform to process the information, does not in any way abdicate the agency's responsibility for its own financial management. Each agency must continue to certify the accuracy and validity of their financial information.

10. What happens if my agency encounters funds control issues as a result of system defects or configuration issues in the application environment?
- 

If a customer agency encounters funds control issues as a result of system defects or configuration issues in the application environment, it should work with the shared service provider to isolate the cause of the issue and activate a corrective action plan.

- If the issue is with the feeder system, or customization of certified financial management software, and the customer agency has not contracted the application management to the shared service center, then the responsibility to address the issue resides with the agency. If the customer agency has contracted application management to the shared service center, the provider is then responsible for addressing the system defect. Terms should be outlined in a corrective action plan.

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<sup>19</sup> Association of Government Accountants, Corporate Partner Advisory Group, in the report Financial Management Shared Service: A Guide for Federal Users, Research Series: Report No. 2, July 2005

- If the issue is with the underlying certified financial management software, then the shared service provider would need to resolve the issues with the vendor under its licensing agreement. Terms should be outlined in a corrective action plan.
- If the issue is with the operational procedures of the shared service center, then the agency should activate a corrective action plan.

11. How is the accountability for poor performance of a shared service provider determined and addressed?

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It is recommended that the Performance Measures outlined in the SLA and the targets agreed to by the shared service provider and customer agency have incentives and penalties that are acceptable to both parties for excellent performance and non-performance respectively.

While it is expected that all shared service providers supply excellent value in relation to the investment of the agency, due diligence lies with both parties for addressing performance issues in a timely manner through a corrective action plan. For both federal and private shared service providers, poor performance of the shared service center may impact its ability to continue to viably market its services to future customers.

# Migration Planning Guidance (Draft)

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## Section 2.1 Menu of Services Overview

The purpose of this section is to provide an overview for the Menu of Services to help agencies better understand the services of shared service providers.

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# Menu of Services Overview

The purpose of this section is to provide an overview for the Menu of Services to help agencies better understand the services of shared service providers.

## Overview

The menu is not meant to be all-encompassing, and the terms and categorization used to describe services in this document may differ from how services are packaged among the various providers.

The specific offerings and prices of shared services provider may also vary based on the size and complexity of the agency. Agencies must enter into discussions about migration with a solid understanding of their requirements, including the mix of services they wish to have a shared service center provide and their desired price points for these services.

## Organization of Menu

The construct used for this menu of services is Service Offering Category, Service Offering, and Service Sub-Offering.

The menu of services includes the following categories:

- Technology Hosting and Administration
- Application Management Services
- Business Process Services
- Systems Implementation Services
- Additional Professional Services

Each category is then followed by a specific service offering, which are detailed into sub-offerings that further describe the offering.

## Assumptions

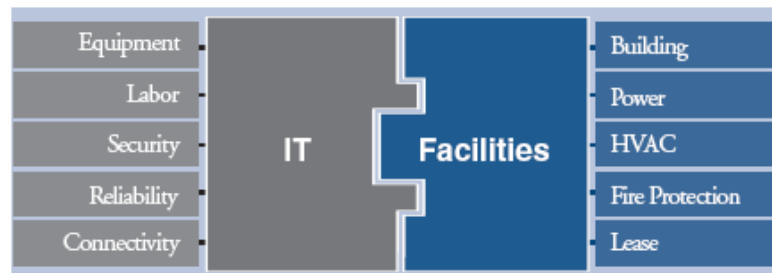
The following list provides the assumptions for the Menu of Services:



- Technology Hosting and Administration may be offered as a stand-alone service.
- IT Hosting can be offered as a stand-alone portion of Technology Hosting and Administration or can be combined with IT Administration Services.
- If Application Management Services are provided, they must be provided in conjunction with Technology Hosting and Administration.
- If Business Process Services are provided, they must be provided in conjunction with Application Management Services and Technology Hosting and Administration.
- A single Disaster Recover Plan (DRP) and Continuity of Operations Plan (COOP) may be offered for whatever combination of services the shared service center provides. The purpose for splitting out the DRP and COOP by the three service offering categories is to provide assurance that a DRP and COOP are provided at each level.
- Systems Implementation Services may be offered as a standalone service or may be offered along-side other services.
- Additional professional services such as procurement, fixed assets, and travel may be offered in conjunction with any combination of other services.

### Service Offering Category: Technology Hosting and Administration

Technology Hosting and Administration includes providing the IT infrastructure (facilities and infrastructure software) that serve as the foundation for running business software applications and the services to maintain that infrastructure. Licensing terms for infrastructure software can vary by provider.



Source: [Ensuring a Smooth Transition: Guidelines for Successfully Migrating Data Centers](#). Sungard Availability Services White Paper Series, 2005.

- **IT Infrastructure Software Supported** details the type of operating system(s), database management system(s), and middleware software that the shared service center can host for the agency.
- **IT Hosting** involves providing secure facility space, networks, and hardware to host software applications and providing the necessary personnel to operate this secure environment. IT hosting typically includes ensuring there is backup power and network bandwidth available to safeguard against network and power outages or interruptions. Services typically included with IT hosting are:
  - Hardware monitoring and management (includes procurement, installation, upgrades, and testing), and root cause analysis of issues
  - Power backup redundancy
  - Network monitoring, management, and redundancy, and root cause analysis of issues
  - Full system backups and restores
  - Mirrored site
  - Disaster Recovery and Continuity of Operations plans and testing
- **IT Administration Services** are services that may be added to or may be a part of an IT hosting package. IT administration includes infrastructure software management, server and database administration, and continuity planning. Services typically included with IT administration are:
  - Infrastructure software (i.e. operating system, network communications, database management software, and middleware) installation, setup, configuration, upgrades, maintenance, and testing
  - Server systems administration and tuning
  - Non-application-specific job scheduling
  - Database administration and performance tuning, and root cause analysis of issues
  - Database backups
  - Disaster Recovery and Continuity of Operations plans and testing
- **IT Security Services** may be added to or may be a part of an IT hosting package or IT administration package. Security services typically involve:
  - Setup and maintenance of network security software
  - Setup and maintenance of database security software
  - Setup and maintenance of server/operating system security software
  - Security monitoring of network
  - Security monitoring of server/operating system

- Security monitoring of database
  - Intrusion detection and response
  - Computer security training as required by FISMA
  - Security control audits
  - Systems certification and assessments
  - Network User IDs and password resets
  - Server User IDs and password resets
  - Database User IDs and password resets
- **Customer Support Services** involves the management of user concerns from the point of notification to closure. User concerns may range from functional or technical application concerns to concerns regarding the IT environment. Customer support services include online customer support, call logging, incident management, and the following tiers of help desk and technical support:
    - Tier 1 – provides basic application software and hardware support
    - Tier 2 – provides escalation support from Tier 1. Tier 2 support involves more complex application software and hardware support
    - Tier 3 – provides escalation support from Tier 2. Tier 3 support usually involves certified systems engineers providing support on complex hardware and operation system software issues<sup>1</sup>

Customer support services will vary across providers.

- **Network Services** offered by a provider are typically limited to administrative and consultative services performed in managing, planning, building, and monitoring a network between the hosting center and agency.

## Service Offering Category: Application Management Services

Application Management Services includes services for running and managing access to business software applications, in this case, financial management software and the feeder systems that provide data to the financial management software. Licensing terms for business software applications can vary by provider.

- **Financial Application Software Supported** lists the different financial management software packages and reporting software supported by the shared service center including the availability of the financial application software to users.

<sup>1</sup> Helpdesk Tier 1,2,3 Support << <http://www.helpdesksurvival.com/HelpdeskTier123Support.html>>>

- **Interfaces Supported** lists the types of interfaces from feeders systems to the financial management application that the shared service center supports. The level of support here includes maintaining and executing the interfaces to ensure that data is fed into the financial system with timeliness and accuracy.
- **Application management** may be a part of an IT hosting package.
  - Application software management involves providing services to maintain, enhance, and manage business software applications such as a financial management system. This service involves installing, maintaining, and managing the configuration of software patches and , upgrades.
  - Application performance management involves ensuring the application availability, performance, and end user system performance metrics are acceptable and within the service level targets by performing application performance tuning and testing and by scheduling application jobs.
  - Continuity Planning involves providing Disaster Recovery and Continuity of Operations plans for the business applications supported. This is distinguished from the Technology Hosting and Administration service offering category to accommodate a situation where the provider for IT Hosting and IT Administration may be different from the provider for Application Management.
- **Application security administration** involves serving as a security administrator for user access to the business application. Service providers may offer this as part of their application management services package.
- **Application software development** involves the services to deploy custom enhancements to the application software such as the following:
  - Change request management
  - Release management
  - Software bug fixes
  - Design, Development, and Testing of enhancements, extensions, interfaces, canned reports and/or custom reports
- **Application data management** outlines the policies for storing and maintaining data within the application.

## Service Offering Category: Business Process Services

Business Process Services involves services ranging from transaction processing to financial management services. The range of services offered by providers varies.

- **Transaction Processing – Core Financial Management** involves the processing of:
  - Core financial system transactions such as general ledger processing, budget execution, spending (i.e. commitments, obligations, etc.), accounts payable, accounts receivable, cost management, and funds balance with Treasury..
  - Processing reports such as creating financial statements or standard and ad-hoc reports that provide information on the system's transactions or management data for stakeholders.
- **Transaction Processing – Non-core Financial Management** involves the processing of non-core financial system transactions such as, procurement/acquisitions and fixed assets documents.
- **Financial Management Services** involve offering business process services that are more analytical in nature than transaction processing such as GL reconciliation, budget formulation/preparation, and audit support.
- **Continuity Planning of Business Services** Providers should also be able to provide a Disaster Recovery and Continuity of Operations plans and testing for its Business Process Services.

## Service Offering Category: Systems Implementation Services

System Implementation Services involves providing consulting services to help an agency through a migration of their current financial management operations to a new environment.

- **Project Management Support** includes:
  - Developing and maintaining charter, master work plan, project schedule, and milestones
  - Monitoring project to identify and track risks, issues, and changes in scope

- Developing and overseeing the execution of a change management plan
- Providing status reports to agency
- Requirements Analysis includes the following tasks:
  - Obtaining business and functional agency requirements for the new financial system application implementation such as accounting structure, roles and responsibilities, data validation rules and spending controls.
  - Obtaining technical system requirements
  - Obtaining security requirements
  - Obtaining training requirements
  - Obtaining capacity planning requirements
  - Detailing any gaps between system capabilities or shared service center business processes and the customer agency's requirements, and determining methods to mitigate the identified gaps.
- Business Process Management includes:
  - Business process reengineering involves helping the customer agencies reengineer their business processes as part of the migration effort.
  - Application system configuration involves configuring the business software application to support the customer agency's business processes in the system.
- System Migration Management involves managing aspects of the agency's migration to the new financial system including transition planning, pre-conversion data clean-up, data conversion, and system deployment.
- Testing includes developing test scenarios and executing the following types of tests:
  - System Testing – Testing system compliance with design documentation (sometimes combined with business process testing).
  - Business Process Testing - Testing system compliance with business process requirements or new business processes (sometimes combined with system testing).

- Regression Testing – For implementations involving new development, customizations, or extensions, regression testing includes high level re-testing of the system after all system fixes and modifications are complete.
- User Acceptance Testing (UAT) – User directed testing of financial system compliance with requirements.
- Integration/End-to-End Testing – End-to-end testing of system and related interfaces and feeder systems.
- System Performance Testing (Load testing) – Volume and stress testing the system.
- Conversion Testing – Mock conversion testing of existing financial system data to the new financial system.
- Migration Dry-Run Testing – Dry run of actual production implementation.
- Internal Verification and Validation audit - Verification and validation performed by an individual or organization that is technically, managerially, and financially independent of the development organization.
- Certification and Accreditation Testing - the testing of security controls applied to federal information systems
- Training Services includes the development and deployment of user training, system training, and financial management internships.

### Service Offering Category: Additional Professional Services

This section outlines services related to financial management that may be of specific interest or need to agencies.

- Travel Services may the following travel-related services:
  - TDY Travel System – Technology Hosting and Administration, and Application Management Services for a TDY Travel System. May include customer service hours, travel data archiving, and customer travel web page access.
  - Travel Services and Transaction Processing – includes services such as travel contract and policy guidance; payment, collections, reconciliation, and reports processing.

- Relocation Travel Services – IT hosting and Administration services for Relocation Travel System. In addition, it may include services such as: counseling, and processing relocation authorizations, vouchers, W-2s, Relocation Income Tax Allowance (RITA), and payments.
- **Procurement Services** may include Technology Hosting and Administration, Application Management Services, and Business Process Services for a procurement system, and the following procurement related services:
  - Procurement system setup and maintenance
  - Cost negotiation and contract cost review
  - Large contract and simplified acquisition award and administration
  - Purchase and fleet card program administration
- **Fixed Assets** may include Technology Hosting and Administration, Application Management Services, and Business Process Services for a fixed assets system.
- **Media and Production Services** include graphic design, video production, still photography services, and printing/distribution.



Service Offering	Federal SSCs			
	BPD ARC	DOI NBC	DOT FAA	GSA
<b>Technology Hosting and Administration</b>				
<b>IT Infrastructure Software Supported</b>				
Operating system(s)	Linux	Mainframe, UNIX, Linux	Mainframe, UNIX, Linux, Microsoft	Microsoft, Unix, Linux
Database management system(s)	Oracle	Oracle	Oracle	Oracle, SQL
Middleware software		Oracle Application Server, tuxedo, web methods	Oracle 9iAS/10gAS	Depends on technology
<b>IT Hosting</b>				
<b>Hardware</b>				
Hardware procurement	x	x	x	x
Hardware installation (and testing)	x	x	x	x
Hardware upgrades (and testing)	x	x	x	x
Power backup redundancy	x	x	x	
<b>Network</b>				
Network management (within center)	x	x	x	x
Network monitoring (within center)	x	x	x	
Network redundancy		x	x	
<b>Continuity Planning</b>				
Full system backups and restores		x	x	
Mirrored site	x	x		x
Site Disaster Recovery Plan (DRP) and Continuity of Operations Plan (COOP)	x	x	x	x
Site DRP and COOP testing	x	x	x	x
<b>IT Administration Services</b>				
<b>Infrastructure Software Management (i.e. operating system, communications, database, middleware) (usually included in IT Hosting)</b>				
Infrastructure software setup, configuration (and testing)	x	x	x	x
Infrastructure software patch installations (and testing)	x	x	x	
Infrastructure software maintenance (upgrades) (and testing)	x	x	x	
<b>Server and Database Administration</b>				
Server administration and performance tuning	x	x	x	x
Administration of separate environments for testing, training, development	x	x	x	x
Job Scheduling (non-application-specific)	x	x		
Database administration and performance tuning	x	x	x	x
Data replication	x	x	x	x
Database backups	Nightly; 2 weeks onsite storage	Nightly (database only) cold pack (total applic/database) weekly	Nightly - incremental data; Weekly - full back up of data, application and system files	x
<b>Continuity Planning</b>				
DRP and COOP plan for IT infrastructure administration	x	x	x	x
DRP and COOP testing for IT infrastructure administration	x	x	x	x
<b>IT Security Services</b>				
Setup and maintenance of network security software (often included as part of IT Hosting)	x	x	x	x
Setup and maintenance of server/operating system security software (often included as part of IT Hosting)	x	x	x	x
Setup and maintenance of database security software (often included as part of IT Hosting)	x	x	x	x

Security monitoring of network	x	x	x	x
Security monitoring of server/operating system	x	x	x	x
Security monitoring of database	x	x	x	x
Intrusion detection and response	x	x	x	x
Computer security training as required by FISMA	x	x	x	x
Security control audits	x	x	x	x
Systems certification and assessments	x	x	x	x
<b>Security Administration</b>				
Network User IDs and password resets	x	x	x	x
Server User IDs and password resets	x	x	x	x
Database User IDs and password resets	x	x	x	x
<b>Customer Support Services</b>				
Tier 1 Support	x	x	x	x
Tier 2 Support	x	x	x	x
Tier 3 Support	x	x	x (specifically for IT infrastructure and vendor management)	x
Help desk hours	(7:30 am-6:00 pm EST)	6:00am-6:00pm MT (Monday-Friday)	6:00am - 9:00pm EST (Monday - Saturday)	7:30am - 7:30pm EST (Monday - Friday). Flexibility to change to meet customer needs
Technical support hours	6:00 am-5:00 pm EST, 24 hr on-call	24/7/365	Mon-Sat 6am - 9pm EST, 24 hour on call	24/7/365
Call logging	x	x	x	x
On-line customer support	x(via email)	x	x	
Incident management	x	x	x	x
<b>Network Services</b>				
Able to arrange for network services to hosting center		x	x	x
Network management (from hosting center to agency)		x	x	x
Network monitoring (from hosting center to agency)		x	x	x
<b>Application Management Services (assumes provided in addition to Technology Hosting and Administration)</b>				
<b>Financial Application Software Supported</b>				
Financial management software	Oracle Federal Financials (BE, GL, PO, AP, AR, FA, SysAdm) + multi-org func.	Oracle Federal Financials, Federal Financial Systems (FFS), Momentum Financials	Oracle Federal Financials (BE, GL, PO, AP, AR, FA, SysAdm) + multi-org func.	Momentum Financials +
Years supporting financial management software listed above	5 yrs	Oracle - 5 yrs Momentum - 5 yrs FFS - 20 yrs	6 yrs	6 yrs
Web enabled financial management software	x	x	x	x
Reporting software	Oracle Discoverer (viewer and end user) real-time reporting and data warehouse for legacy data	Data warehouse - Oracle Discoverer (viewer and end user), Data warehouse - Hyperion	+Web reports & Oracle embedded data warehouse	Data warehouse - Business Objects
Ad-hoc reporting capabilities available to users	x	x	x DISCOVER	x

Application availability	6:00 am-11:30 pm EST	24/7/365 (except scheduled maintenance 6:00pm MT Sat - 4:00am MT Sun.	Mon-Sat 6am - 9pm EST	x
<b>Interfaces Supported</b>				
Operation of custom interfaces	x	x	x	x
eTravel	x (Northrop Grumman GovTrip)	x (Northrop Grumman GovTrip, CW Government Travel E2 Solutions, EDS Fedtraveler.com)	x (Northrop Grumman GovTrip)	x (CW Government Travel E2 Solutions) GSA could provide interfaces to Northrop Grumman GovTrip or EDS Fedtraveler.com to meet new client requirements)
Travel Advance Offset		x	x	
ePayroll	x (NFC, GSA, DFAS, NBC)	x	x (NBC (FPPS), NFC)	x
Purchase card	x (Citidirect )	x	x (Bank of America, US Bank)	x
Vendor registration	x (CCR)	x		x
Interagency collections	x (IPAC)	x	x	x
U.S. Treasury disbursements	x (SPS)	x	x	x
Procurement (requisitions, obligations)	x (Compusearch PRISM)	x (IDEAS, Momentum Acquisitions)	x (Compusearch PRISM)	x (Momentum Acquisitions)
GSA Supply		x	x	x
GSA Motor Pool		x	x	x
Third Party Pay		x	x	
Investments	x (FedInvest)			
Grants	x (HHS Pymt Mgmt System)		x (FHWA, FTA & other DOT systems)	Not currently but could provide
IRS 1099 Data	x (1099Pro)	x (within system)	x (within system)	x (within system)
Fixed assets		x		
<b>Application Management</b>				
<b>Application Software Management</b>				
Application software installation (and testing)	x	x	x	x
Application software patch installations (and testing)	x	x	x	x
Application software maintenance (upgrades) (and testing)	x	x	x	x
Configuration management	x	x	x	x
<b>Application Performance Management</b>				
Application performance tuning (and testing)	x	x	X	x
Job scheduling within the application	x	x	X	x
<b>Continuity Planning</b>				
Application Disaster Recovery Plan (DRP) and Continuity of Operations Plan (COOP)	x	x	x	x
Application DRP and COOP testing	x	x	x	x
<b>Application Security Administration</b>				
Application security setup	x	x	x	x
Security monitoring of application	x	x	x	x
Application User IDs and password resets	x	x	x	x
<b>Application Software Development</b>				

Change request management	x	x	x	x
Release management	x	x	x	x
Software bug fixes	x	x	x	x
Software design of enhancements, extensions and interfaces	x	x	x	x
Software development and unit testing of enhancements, extensions and interfaces	x	x	x	x
Design of canned reports	x		x	
Development and unit testing of canned reports	x	x	x	x
Design of custom reports	x		x	
Development and unit testing of custom reports	x	x	x	x
<b>Application Data Management</b>				
Records maintenance	6 yrs 3 mos	x		
Document imaging system support			x	x
<b>Business Process Services (assumes provided in addition to Technology Hosting and Administration and Application Management Services)</b>				
<b>Transaction Processing - Core Financial Management</b>				
General ledger processing	x	x	x	x
Budget execution document processing	x	x	x	x
<b>Funds Management</b>				
Processing spending transactions (commitments, obligations, etc.)	x	x	x	x
Certifying funds availability	x	x	system is capable of providing this service	x
<b>Payment Management</b>				
Maintaining vendor information	x	x	x	x
Processing accounts payable transactions	x	x	x	x
Processing commercial vendor invoices	x	x	x	x
Recording disbursements	x	x	x	x
Issuing disbursements	x	x	x	x
<b>Receivables Management</b>				
Maintaining customer information	x	x	x	x
Processing accounts receivables transactions	x	x	x	x
<b>Cost management processing</b>				
<b>Funds Balance with Treasury management</b>				
Confirming payments	x	x	x	x
Preparing 224s and/or 1219/1220s	x	x	x	x
<b>Reports processing</b>				
Preparing and analyzing financial statements	x	x	x	x
Generating internal management reports (monthly and annual reports)	x	x	x	x
<b>Transaction Processing - Non-core Financial Management</b>				
Procurement (Acquisitions) transaction processing	x		x (Compusearch Prism)	x
Fixed assets processing	x	x (Maximo, Momentum and Oracle)	x	x
<b>Financial Management Services</b>				
<b>Financial Management Analysis</b>				
GL reconciliation	x	x	x	x
Analysis to support OMB/congressional inquiries	x (Full Budget Service (FBS))		x	x
Audit support	x	x	x	x

<b>Budget Formulation/Preparation</b>				
Budget formulation	x (Full Budget Service (FBS))			
Establish budget projections	x (Full Budget Service (FBS))			
Budget preparation and submission	n/a			
SF-132 preparation	x (Full Budget Service (FBS))		x	
Initial operating plans (fund/BOC allocations) preparation	x (Full Budget Service (FBS))		x	
Budget reviews	x Quarterly (FBS)			
<b>Continuity Planning of Business Services</b>				
Services Disaster Recovery Plan (DRP) and Continuity of Operations Plan (COOP)	x	x	x	X
Services DRP and COOP testing	x	x	x	X
<b>Systems Implementation Services</b>				
<b>Project Management Support</b>				
Program charter	x		x	
Master work plan	x	x	x	x
Project oversight/Steering committee meeting	x	x	x	x
Risk management plan and tracking	x (6 years 3 months)	x	x	x
Change Management plan			x	x
Status reporting	x	x	x	x
<b>Requirements Analysis</b>				
Detailed business process and functional requirements, including accounting structure, roles and responsibilities, data validation rules, spending controls)	x	x	x	x
Technical requirements	x	x (all credit cards)	x	x
Security requirements	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs
Training requirements	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs
Capacity planning requirements	x	x	x	x
Gap Analysis	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs	Awaiting info from SSCs
<b>Business Process Management</b>				
Business process re-engineering	x		x	x
Application system configuration	x	x	x	x
<b>Systems Migration Management</b>				
Transition planning	x	x	x	x
Pre-conversion data cleanup				
Data conversion	x	x	x	x
System deployment	x	x	x	x
<b>Testing (including Test Scenario Development)</b>				
System testing	x	x	Potential Services	x
Business process testing			x	x
Regression testing	x		x	x
User Acceptance Testing (UAT)	x		x	x
Integration/End-to-end testing	x	x	x	x
System Performance testing (Load Testing)	x	x	x	x

Conversion testing	x	x	x	x
Migration dry run testing	x	x	x	x
Internal Verification and Validation (IV&V) audit	x	x	SAS-70 Sept 2005 + annual updates	x
Certification and Accreditation Testing	x	x	x	x
<b>Training Services</b>				
User training plan	x		x	x
System training	x	x	x	x
Financial management internships		x (FM, Acq., etc.)	x	
<b>Additional Professional Services</b>				
<b>Travel Services</b>				
<b>TDY Travel System</b>				
Travel system setup and maintenance	x (Northrop Grumman GovTrip)	x (all systems offered on GSA schedule)	x (Northrop Grumman GovTrip)	x
Travel system training	x	x	x	x
Archiving of travel data	x (6 years 3 months)	x	x	x
Customer travel web page	x		x	x
Customer service call center	x (M-F 7:00am-6:00pm EST)	x (6:00am-6:00pm MT (Monday-Friday))	x	TBD by customer requirements
<b>Travel Services and Transaction Processing</b>				
Travel FTR/Policy Guidance	x		x	x
Travel charge card administration	x	x (all credit cards)	x	x
Travel contracts (Travel Management Center)	x	x		x
Travel payment	x	x	x	x
Travel collections	x	x	x	x
Reconciliation of charges and payment of centrally billed accounts	x	x	x	x
Travel post-payment auditing	x	x	x	x
Travel interface transaction-level reconciliation	x	x	x	x
Travel reports	x	x	x	x
<b>Relocation Travel Services</b>				
Relocation System hosting and administration	x (MoveLinq)	x (all systems offered on GSA schedule)		
Relocation Services (counseling, authorization, vouchers, W-2 and RITA)	x	x		
Relocation Services Payments including third party	x	x	x	
<b>Procurement</b>				
Procurement system setup and maintenance	x (Compusearch PRISM)	x (Compusearch PRISM, Momentum, and Oracle)	x (Compusearch Prism)	x (Momentum)
Cost negotiation and contract cost review	x	x	potential service	x
Large contract award and administration	x	x	potential service	x
Simplified acquisition award and administration	x	x	potential service	x
Purchase and fleet card program administration	x	x		x
<b>Fixed Assets</b>				

Fixed assets system setup and maintenance	x (Oracle Fixed Assets)	x (Maximo. Also willing to maintain other systems that larger customers may decide to use (e.g. Sunflower, etc.))	x (Oracle Fixed Assets)	x (Momentum and Maximo)
Media and Production Services				
Graphic design		x	x	
Video production		x	x	
Still photography		x	x	
Printing and distribution		x	x	

# Migration Planning Guidance (Draft)

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## Section 3.1 FM Due Diligence Checklist

This section contains the *Financial Management Line of Business Shared Service Center Due Diligence Checklist*, which includes the standards to which shared service centers must comply. The text in [blue](#) indicates changes from Version 1 of the Checklist.



# Financial Management Line of Business Shared Service Center Due Diligence Checklist

Version 2.0

April 2006

## Part I: Introduction

*A shared services center is a separate and distinct organization established to provide technology hosting and administration, and where appropriate, application management services, and business process services for other entities.*

*Please limit responses to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.*

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Software Package	Provide Vendor, Product, Version.	
Production Initiation Date	Provide the date the system becomes (or became) operational.	
Modules/Services Offered	List the modules and services you offer (e.g., modules other than core FM, transaction processing services, Federal payroll providers you interface to). Where possible, relate these modules to components in the Framework for Federal Financial Management Systems.	
External Customers	Provide information on existing customers to demonstrate capabilities. Include indicators of size, such as budget/revenue, approximate number of employees, number of named and/or concurrent users.	
Unique Customer Needs	Describe your ability and approach for handling customization and change requests.	
Transaction Volume	Provide historical data on transaction processing capabilities including volume and dollar amount.	
Audit Opinion	Have financial statements generated from this system received an unqualified audit opinion? What is the timeframe in which financial statements/reports are generated?	
Quality Assurance	Describe your Quality Assurance processes (e.g., Capability Maturity Model certification/date).	
Service Quality Metrics	Provide currently available service quality metrics (OMB is leading an effort to develop standard metrics).	
Change Management	Provide details regarding change management processes (i.e., how will new requirements be incorporated into the solution).	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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Additional Background Information for Government-Run Shared Service Centers (SSCs).

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>		
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Internal Customers	Describe the services you provide to internal customers with appropriate metrics (e.g., bureaus, budgets, users).	
FY06 Development, Modernization & Enhancement (DME) Cost	Provide the FY06 DME costs for this initiative.	
FY06 Steady State (SS) Cost	Provide the FY06 SS costs for this initiative, categorized if appropriate.	
FY07 & Beyond DME Cost	Provide forecast FY07 & beyond DME costs for this initiative, by year.	
FY07 & Beyond SS Cost	Provide forecast FY07 & beyond SS costs for this initiative, by year.	
Business Operating Model (Customer perspective)	Briefly describe your business model from the customers' perspective (franchise vs. WCF, partner vs. seller/buyer relationship, etc.).	
Transaction Costs	Provide currently available cost metrics (OMB is leading an effort to develop standard metrics).	
Service Provision Model (Supplier perspective)	Describe your means of providing and managing the provision of services, including services provided by government staff vs. those contracted out, contracting method (fixed-price vs. time/materials), contract incentives, government vs. commercial hosting, use and scope of Independent Verification and Validation (IV&V), program management structure, etc.	

Additional Background Information for Private-Sector Shared Service Centers

<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>	N/A	
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Corporate Stability	Provide information regarding the financial health and stability of the shared service center (e.g., assets, outstanding debt, cash balance, financial backing).	
Pricing Model	Describe pricing models offered (e.g., pricing per user, per transaction, on a subscription basis). What is the minimum term-of-service required for shared service center customers?	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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<b>Project/Service Name</b>		
<b>Unique Project Identifier (UPI) (Government only)</b>	N/A	
<b>Agency/Vendor</b>		
	<b>Required Information / Instructions</b>	<b>Comments</b>
Corporate Structure	Provide details on corporate structure to include all partners involved in the solution (e.g., hosting providers, managed service providers, software application vendors, system integrators).	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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## Part II: Screening Questions

A response of “no” to any of the following screening questions will *not* automatically disqualify the candidate from being approved as a shared service center candidate *so long as it commits to completing the requirement prior to it becoming a shared service center and prior to being a system of record for an agency*. Please limit comments to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.

<b>Project/Service Name</b>			
<b>Unique Project Identifier (UPI) (Government only)</b>			
<b>Agency/Vendor</b>			
<b>#</b>	<b>Evaluation Area</b>	<b>Rating</b>	<b>Comments</b>
1	Does the core financial system operated by the shared service center provide the following <b>Financial Management</b> Federal Enterprise Architecture (FEA) Sub-functions: <ul style="list-style-type: none"> <li>▪ Accounting</li> <li>▪ Budget and Finance</li> <li>▪ Payment</li> <li>▪ Collections and Receivables</li> <li>▪ Asset and Liability Management</li> <li>▪ Reporting and Information</li> </ul>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
2	Have previous migration activities (i.e., new customers) included the migration of data?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
3	<i>For Federal SSCs</i> , does the SSC align with the FEA? Provide demonstration of this alignment via appropriate artifacts (e.g., reference models, EA assessments).	<input type="checkbox"/> Yes <input type="checkbox"/> No	
4	Does the shared service center support integration to the FM-related E-Gov Initiatives including E-Travel, Integrated Acquisition Environment (IAE), and E-Payroll? <i>Support is defined as being capable of integrating with the solutions provided by these initiatives.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
5	Has the shared service center undergone a Federal Information Security Management Act (FISMA) review within the last 12 months without identification of significant deficiencies, and are recurring annual reviews planned? <i>If no, does the shared service center commit to conducting such a review prior to the solution becoming the system of record for an agency? Please note the planned date for completion in comments.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
6	Has the shared service center been Certified and Accredited (C&A) within the last 3 years? <i>If no, does the shared service center commit to completing such a certification prior to the solution being the system of record for an agency? Please note the planned date for completion in comments.</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
7	Does the shared service center have a performance measurement methodology in place with performance metrics?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
8	Has the shared service center implemented a Federally-certified commercial off-the-shelf (COTS) solution in a production environment?	<input type="checkbox"/> Yes <input type="checkbox"/> No	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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<b>Project/Service Name</b>			
<b>Unique Project Identifier (UPI) (Government only)</b>			
<b>Agency/Vendor</b>			
<b>#</b>	<b>Evaluation Area</b>	<b>Rating</b>	<b>Comments</b>
9	Does the shared service center have a Continuity of Operations Plan (COOP) and has successful Disaster Recovery Testing been performed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10	Has the system undergone a SAS-70 audit with favorable results?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
11	Does the shared service center have a cost accounting methodology that fairly allocates all costs (fixed and marginal) to internal and external customers <a href="#">or complies with the Federal Acquisition Regulations (FAR)</a> ?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
12	Does the <a href="#">data center</a> proposed in the solution by the shared service center utilize onshore facilities and resources only?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
13	Does the shared service center provide a formal incident response capability?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
14	Does the shared service center perform periodic testing and evaluation of information security controls?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
15	Does the shared service center have an appointed information systems security officer?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
16	Is the shared service center's contingency planning coordinated with the agency or agencies using its services?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
17	Does the shared service center have in place an interconnection security agreement and a Memoranda of Understanding in accordance with NIST SP800-47? <a href="#">If no, does the shared service center commit to completing them prior to the solution being the system of record for an agency? Please note the planned date for completion in comments.</a>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
18	<a href="#">Does the shared service center have, currently in place, standards and templates for migration, interface configuration, operations, and ongoing support? If no, the shared service center must commit to completing them prior to the solution being the system of record for an agency. Please note the planned date for completion in comments.</a>	<input type="checkbox"/> Yes <input type="checkbox"/> No	
19	Does the shared service center have specific experience with migrating multiple federal agencies or bureaus to this FM solution and underlying technology? Describe the diversity (i.e. size, complexity, etc.) of federal agencies or bureaus currently serviced with this solution.	<input type="checkbox"/> Yes <input type="checkbox"/> No	
20	Does the shared service center offer a framework for delivering standardized services? What flexibility is supported to accommodate differences in how each agency conducts its business?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
21	Does the shared service center have a demonstrated ability to continuously apply innovation to its operations through investments in	<input type="checkbox"/> Yes <input type="checkbox"/> No	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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<b>Project/Service Name</b>			
<b>Unique Project Identifier (UPI) (Government only)</b>			
<b>Agency/Vendor</b>			
<b>#</b>	<b>Evaluation Area</b>	<b>Rating</b>	<b>Comments</b>
	new technology?		
<b>22</b>	Does the shared service center have experience in implementing and managing formal Service Level Agreements (SLA) with performance measures and that enable the use of financial incentives and disincentives for performance? If formal SLAs are not currently in place, the shared service center must commit to completing them prior to the solution being the system of record for an agency. Please note the planned date for completion in comments.	<input type="checkbox"/> Yes <input type="checkbox"/> No	

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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Part III: Due Diligence Checklist

Please limit comments to 100 words or less in this section. If necessary, include reference or additional materials in the form of an attachment.

<b>Project/Service Name</b>						
<b>Unique Project Identifier (UPI) (Government only)</b>						
<b>Agency/Vendor</b>						
<b>No.</b>	<b>Criteria</b>	<b>Rating</b>	<b>Raw Score</b>	<b>Tier</b>	<b>Weighted Score</b>	<b>Comments</b>
1	Value-Added Modules	<p><i>(where multiple products used – address for each product)</i></p> <p><input type="checkbox"/> <b>High (5):</b> Currently offers two or more existing value-added modules (functions aligned with the Lines of Business (LoB) beyond core functions identified in the screening section (e.g., asset management, procurement system integration, budget formulation, data warehousing/analytics))</p> <p><input type="checkbox"/> <b>Med (3):</b> Currently offers a single existing value-added module</p> <p><input type="checkbox"/> <b>Low (1):</b> Planning to offer additional value-added modules</p> <p><input type="checkbox"/> <b>None (0):</b> No plans for value-added modules</p>		B		
2	Business Process Support	<p><input type="checkbox"/> <b>Yes (5):</b> Shared service center offers business process (transaction processing) <a href="#">services</a> in addition to <a href="#">technology hosting</a> support</p> <p><input type="checkbox"/> <b>No (0):</b> No business process <a href="#">services</a> offering</p>		B		
3	Implementation Services	<p><input type="checkbox"/> <b>High (5):</b> Shared service center provides implementation services and allows customers to select system integrators to provide implementation services (list integrators)</p> <p><input type="checkbox"/> <b>Med (3):</b> Shared service center does not provide implementation services but is partnered with systems integrators to provide implementation services (list integrators)</p> <p><input type="checkbox"/> <b>Low (1):</b> None of the above</p>		B		
4	Data Migration Experience	<p><input type="checkbox"/> <b>High (5):</b> Performed multiple data migrations and has repeatable processes</p> <p><input type="checkbox"/> <b>Med (3):</b> Performed multiple data migrations with no repeatable processes</p> <p><input type="checkbox"/> <b>Low (1):</b> Performed a single data migration</p>		B		

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

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<b>Project/Service Name</b>						
<b>Unique Project Identifier (UPI) (Government only)</b>						
<b>Agency/Vendor</b>						
<b>No.</b>	<b>Criteria</b>	<b>Rating</b>	<b>Raw Score</b>	<b>Tier</b>	<b>Weighted Score</b>	<b>Comments</b>
5	Data Cleansing Experience	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates experience conducting data cleansing <input type="checkbox"/> <b>No (0):</b> No demonstrated experience conducting data cleansing		B		
6	Services Provision Experience	<input type="checkbox"/> <b>High (5):</b> Multiple years of experience providing service to 10 or more customers (for government agencies, cross-servicing 10 or more external customers) <input type="checkbox"/> <b>Med (3):</b> Limited experience providing service (for government agencies, cross-servicing external customers) <input type="checkbox"/> <b>Low (1):</b> Experience providing service to internal customers <input type="checkbox"/> <b>None (0):</b> None of the above		A		
7	Transition Management	<input type="checkbox"/> <b>High (5):</b> Demonstrates past success in providing transition management services (e.g., training, migration planning, change management, sequencing) <input type="checkbox"/> <b>Med (2):</b> Has detailed plan to provide transition management services <input type="checkbox"/> <b>No (0):</b> No transition management services planned		A		
8	Service Level Agreements (SLA) Past Performance	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates past success in establishing and maintaining SLA with specific performance metrics <input type="checkbox"/> <b>No (0):</b> No prior experience establishing SLAs with specific performance metrics		A		
9	Security and Privacy Standards	<input type="checkbox"/> <b>Yes (5):</b> Demonstrates a history of compliance, up-to-date security plan in place that meets requirements of FISMA, OMB policy, NIST Guidance, and privacy impact assessments completed <input type="checkbox"/> <b>No (0):</b> Outlines plan to develop security plan and conduct PIAs, as well as provides dates for completion		A		



# Financial Management Line of Business Shared Service Center Due Diligence Checklist

Version 2.0  
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<b>Project/Service Name</b>						
<b>Unique Project Identifier (UPI) (Government only)</b>						
<b>Agency/Vendor</b>						
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
10	Configuration	<input type="checkbox"/> <b>High (5):</b> Shared service center has ability to provide separate physical instances of the solution for customers <input type="checkbox"/> <b>Low (0):</b> Shared service center does not have ability to provide separate physical instances of the solution for customers		A		
11	Performance Measures	<input type="checkbox"/> <b>High (5):</b> Performance metrics in place with actual measures against the baseline <input type="checkbox"/> <b>Med (3):</b> Performance metrics in place but no actual measures against the baseline <input type="checkbox"/> <b>Low (0):</b> None of the above		A		
12	Scalability	<input type="checkbox"/> <b>High (5):</b> Demonstrates ability to support increasing transaction volumes consistent with a business model <input type="checkbox"/> <b>Low (2):</b> Provides a high level strategy for supporting increased transaction volumes consistent with a business model <input type="checkbox"/> <b>None (0):</b> No provision for increased transaction volumes		A		
13	Customer Service Satisfaction	<input type="checkbox"/> <b>High (5):</b> Demonstrates high level of customer service satisfaction with performance history <input type="checkbox"/> <b>Med (3):</b> Demonstrates measurement of customer satisfaction <input type="checkbox"/> <b>Low (0):</b> No measurements of customer satisfaction		A		
14	Core Solution Strategy	<input type="checkbox"/> <b>High (5):</b> Proposes the reuse of a single existing FM system <input type="checkbox"/> <b>Med (3):</b> Proposes the reuse of multiple existing systems to create an integrated FM shared service center solution <input type="checkbox"/> <b>Low (1):</b> <a href="#">Proposes the implementation of a new FM system</a>		B		
15	Cross-LoB Support	<input type="checkbox"/> <b>High (5):</b> Demonstrates existing integration with other LoB service centers <input type="checkbox"/> <b>Med (2):</b> Detailed strategy for integrating with other LoB service centers <input type="checkbox"/> <b>None (0):</b> No cross LoB support indicated		B		

# Financial Management Line of Business Shared Service Center Due Diligence Checklist

Version 2.0

April 2006

<b>Project/Service Name</b>						
<b>Unique Project Identifier (UPI) (Government only)</b>						
<b>Agency/Vendor</b>						
No.	Criteria	Rating	Raw Score	Tier	Weighted Score	Comments
16	System Availability/Uptime	<input type="checkbox"/> <b>High (5):</b> Demonstrates system uptime greater than or equal to 99.9% <input type="checkbox"/> <b>Med (3):</b> Demonstrates system uptime greater than or equal to 99.5% <input type="checkbox"/> <b>No (0):</b> Demonstrates system uptime less than 99.5%		B		
17	Monthly Close Time	<input type="checkbox"/> <b>High (5):</b> Monthly close time is less than or equal to 3 days <input type="checkbox"/> <b>Med (3):</b> Monthly close time is 3 to 5 days <input type="checkbox"/> <b>Low (1):</b> Monthly close time is 5 to 7 days <input type="checkbox"/> <b>No (0):</b> Monthly close time is greater than 7 days		B		
<b>Totals:</b>			<b>Raw Score (75 Potential Points)</b>		<b>Weighted Score</b>	
<b>Additional comments:</b>						

**Notes**

1. Questions are separated into two tiers ("A" and "B") based on their importance in assessing a shared service center candidate's viability. Responses are weighted so that Tier A questions, in the aggregate, comprise two-thirds of the total weighted score. Tier B questions comprise one-third of the total weighted score.
2. Although this checklist is worded for evaluating existing centers, it may be applied to new center investment proposals by assuming modification to the tense of the requirements. For example, "Has the shared service center been Certified and Accredited within the last 3 years?" can be read as, "Does the proposal provide a credible plan for Certification and Accreditation?"

# Migration Planning Guidance (Draft)

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## Section 3.3 RFP Overview

The purpose of this section is to provide an overview of the RFP Template in Section 3.4. The overview is intended help agencies identify the basic elements and requirements of a Request for Proposal (RFP) for migrating an agency's financial operations to a shared service center.

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This section will be provided at a later date  
(estimated April 10, 2006)

# RFP Template

This section provides a Request for Proposal (RFP) template with sample text. A description of the sections within this template is included in the RFP Overview section.

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This section will be provided at a later date  
(estimated April 10, 2006)

# Migration Planning Guidance (Draft)

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## Section 3.5 Service Level Agreement Overview

This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

### Table of Contents

<b><u>What is a Service Level Agreement (SLA)?</u></b>	<b>1</b>
<b><i>The difference between a memorandum of understanding (MOU), an interagency agreement (IAA), and an SLA</i></b>	<b>1</b>
<b><i>Roles and Responsibilities around the SLA</i></b>	<b>2</b>
Writing the SLA	2
Who should sign the SLA?	3
<b><i>Selecting SLA Metrics</i></b>	<b>3</b>
<b><u>Organizational Structure of the SLA Template</u></b>	<b>4</b>

# Service Level Agreement Overview

This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

## What is a Service Level Agreement (SLA)?<sup>1</sup>

A Service Level Agreement (SLA) is a binding agreement negotiated between a service provider and a customer. The primary purpose of an SLA is to clearly document customer expectations and service provider obligations for the level and quality of service.

An SLA documents the boundaries and service level goals of the agreed-upon services that will be provided to a specific customer, and sets forth penalties if the service provider fails to provide the agreed-upon services or to meet the agreed-upon goals. In addition, an SLA defines items such as period of performance, cost, operating practices, and reporting policies. SLAs are useful when clarification of responsibilities is needed between the service provider and the customer. The clarification may be needed if the service provided is out-of-the ordinary, requires a charge for an ongoing service, or requires a commitment of staff to a specific service.

The difference between a memorandum of understanding (MOU), an interagency agreement (IAA), and an SLA<sup>2</sup>

First, customer agencies should work with their general counsel to understand the underlying legal issues that could affect the agency's ability to enter into any of these types of agreements. However, SLAs are already common between government and commercial providers.

Second, customer agencies must determine the number of agreement instruments it will require from the shared service provider. However, regardless of the number of instruments used, it is critical that customer agencies use a *single instrument* to cover or reference all of the content currently covered by separate documents, whether they are MOUs, IAAs, and/or SLAs.

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<sup>1</sup> Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

<sup>2</sup> Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

Currently, MOUs, IAAs and SLAs<sup>3</sup> may specify a payment or transfer of funds from one organization to another. In general, MOUs tend to be less formal agreements, and may or may not specify any level or quality of service, or may reference an SLA. IAAs do not usually specify any level or quality of service. On the other hand, SLAs are specifically used to establish level of service and standards of performance.

### Roles and Responsibilities around the SLA<sup>4</sup>

The roles and responsibilities matrix identifies the major activities that are undertaken in executing an SLA. The suggested roles of the customer agency and the service provider are also identified.

Activity	Customer Agency	Service Provider
Draft SLA, including initial metrics and terms	R	A
Negotiate Metrics and Terms	A	P
Sign SLA	A	A
Report Metrics	P	A

KEY:

A – Accountable and responsible for completion of activity

R – Reviews the output of the activity

P – Approves the output of the activity

### Writing the SLA

As indicated above, the SLA is typically written by the service provider, and must be negotiated and signed by both parties. Service providers approach writing the SLA in a number of ways; customers agencies should understand the approach taken by their potential service providers.

Approach	Pros	Cons
Negotiates custom SLAs for every customer, starting with a clean slate for every customer. Creates a new SLA that is tailored to the customer's specific needs.	Highly responsive to the customer's business objectives.	<ul style="list-style-type: none"> <li>▪ Labor intensive to develop.</li> <li>▪ Increases the management burden on service provider because of low overlap in standard metrics and services between customers.</li> </ul>
Creates standard service	<ul style="list-style-type: none"> <li>▪ Easy to create service tiers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Service tiers may not reflect</li> </ul>

<sup>3</sup> In the context of E-Gov and Line of Business initiatives, MOUs and IAAs are the most common agreements used to transfer funds between agencies regarding the planning, development, and maintenance of E-Gov technical solutions (i.e. Grants.gov, Business Gateway).

<sup>4</sup> Adapted from: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

Approach	Pros	Cons
tiers. Bundles the services offered into a number of different service tiers. Customers pick the one that best meets their needs.	<p>that are favorable and cost-effective for the service provider.</p> <ul style="list-style-type: none"> <li>▪ Simplifies customer evaluation of service provider's offering as it is clear and upfront about what they will get.</li> <li>▪ Lower management burden on the service provider.</li> </ul>	<p>customer needs and objectives. Requires service provider to have a solid understanding of what is important to the target customers.</p> <ul style="list-style-type: none"> <li>▪ May not provide sufficient flexibility to the customer.</li> </ul>
Drafts a standard SLA and customizes it with customer information. Uses a basic template for the SLA with defined metrics and performance baselines. Customizes it where necessary to meet customer needs.	<ul style="list-style-type: none"> <li>▪ Allows customers to negotiate what is important to them.</li> <li>▪ Service provider can suggest services and metrics that are favorable and cost-effective for the service provider.</li> <li>▪ Moderate management burden on the service provider.</li> </ul>	Without rigid discipline in negotiating, can turn into custom SLAs that are difficult to manage.

Source: Service Level Agreements, Grants Management Line of Business Playbook, 2006.

### Who should sign the SLA?<sup>5</sup>

Customer agencies should consult with their general counsel to determine who should sign the SLA. Generally, all key stakeholders should have an opportunity to review and provide input into the negotiated SLA. The final SLA should contain signatures of appropriate representatives from within the customer agency. This is often the agency CFO and/or CIO. The SLA should then be distributed to the appropriate staff and/or the SLA should be made available electronically.

### Selecting SLA Metrics<sup>6</sup>

The metrics defined in the SLA are the standards the customer uses to evaluate whether the service provider is meeting its obligations for the level and quality of service as agreed to in the SLA.

Selecting the appropriate metrics can be complicated by the enormous number of potential metrics and must be tempered by considerations such as organizational experience with metrics, the type of behaviors to be motivated, and cost and effort of collection. It is important that customer agencies have some understanding of the metrics they would like to measure for two basic

<sup>5</sup> Adapted from Service Level Agreements, Grants Management Line of Business Playbook, 2006.

<sup>6</sup> Adapted from: Service Level Agreements, Grants Management Line of Business Playbook, 2006.



reasons: the appropriate measures should be tied to the customer's business objectives; and, the measures drive service levels which, in turn, drive cost. There are higher costs associated with 100% availability versus 90% availability.

The Performance Measurements section (Section 3.7) of this Migration Planning Guidance Document includes potential metrics for the SLA.

## Organizational Structure of the SLA Template

The structure of an SLA varies depending on the nature of services provided, legal requirements, and organizational policies. The following outline details common topics addressed in an SLA. The attached SLA template includes sample text for each section.

Section	Topics	Description of Section
<b>I</b>	<b>Statement of Legal Authority</b>	Documents the laws and legal codes that allow an agency to provide the services described in the SLA and enter into agreements of this nature with another agency.
<b>II</b>	<b>Purpose</b>	Describes reason(s) for executing this Service Level Agreement
<b>III</b>	<b>Period of Performance</b>	Outlines the period during and the terms under which this Agreement will be active.
<b>IV</b>	<b>Services to be Provided</b>	Outlines the services provided by the Provider Agency, may be a section within the SLA or an Appendix to the SLA. This section may also include sub-sections for: <ul style="list-style-type: none"> <li>▪ <b>Service Level Objectives</b></li> <li>▪ <b>Responsibilities</b></li> </ul>
<b>V</b>	<b>Security</b>	Addresses security requirements related to services included in this Agreement.
<b>VI</b>	<b>Modification of Services (Optional Section)</b>	Describes the process for modification of any services identified in this Agreement. May be further divided into: <ul style="list-style-type: none"> <li>▪ <b>A. Service Modifications</b></li> <li>▪ <b>B. Renewal of Services</b></li> </ul>
<b>VII</b>	<b>Enforcement of Agreement</b>	Describes the process for enforcing the SLA, and is typically further divided into:

Section	Topics	Description of Section
		<ul style="list-style-type: none"> <li>▪ <b>A. Dispute resolution</b> – outlines the manner in which disputes will be identified and resolved.</li> <li>▪ <b>B. Warranties and remedies (optional)</b> – outlines the potential recourse actions. This section is optional based upon the shared service center's statutory authority.</li> <li>▪ <b>C. Review of agreement (optional)</b> – Outlines the frequency of when review of the SLA should occur between the Provider Agency and the Customer Agency. OMB recommends an annual review. If warranted, an expected outcome of that review session is an action plan that addresses and plans for required activities agreed upon by both parties.</li> </ul>
<b>VIII</b>	<b>Points of Contact</b>	<p>Identifies the persons who will serve as overall contact points (primary and alternate) for customer agency and the shared service provider.</p> <p>Each party should establish a principal POC for communications that is available during normal business hours. Alternatives must be established during vacation or travel. Furthermore, each primary POC must establish two secondary POCs.</p>
<b>IX</b>	<b>Funding and Costs of Services</b>	<p>Discusses funding and cost recovery, and is further divided into:</p> <ul style="list-style-type: none"> <li>▪ <b>A. General funding Agreement</b></li> <li>▪ <b>B. Billing</b></li> <li>▪ <b>C. Incentive Credits and Penalties (optional)</b> – optional based upon the shared service center's statutory authority.</li> </ul>
<b>X.</b>	<b>Termination of Agreement</b>	<p>States the circumstances under which the SLA may be terminated. May be further subdivided into:</p> <ul style="list-style-type: none"> <li>▪ <b>A. Voluntary</b></li> <li>▪ <b>B. Involuntary (optional)</b></li> </ul>

Section	Topics	Description of Section
<b>XI</b>	<b>Legal Terms</b>	<p>This section outlines any specific legal terms that exist outside the SLA, and may include items such as Intellectual Property Rights, Confidentiality and Non-Disclosure agreements, License Rights of Use, etc. May be further divided into:</p> <ul style="list-style-type: none"> <li>▪ Governing Law</li> <li>▪ Grant of License (optional)</li> <li>▪ Intellectual Property (optional)</li> </ul>
<b>XII</b>	<b>Approvals</b>	<p>Contains space for signatures to reflect an understanding and acceptance of the primary documentation described above for which the signatories are responsible.</p>
<b>Attachment A</b>	<b>Services to be Provided</b>	<p>Contains an opening paragraph that presents an overview of the services that are being provided. Services may be categorized as:</p> <ul style="list-style-type: none"> <li>▪ Baseline Services</li> <li>▪ Optional Services</li> <li>▪ Customer-unique Services</li> </ul> <p>The categorization of services of baseline, optional and customer-unique is not necessary, but may be useful. In addition, this section can be subdivided into:</p> <ul style="list-style-type: none"> <li>▪ <b>Services NOT included (optional)</b> – specifically delineates services NOT included. This section specifically delineates services NOT included.</li> <li>▪ <b>Schedule (optional)</b> – This section discusses the schedule for the services.</li> </ul>
<b>Attachment B</b>	<b>Service Level Objectives</b>	<p>Outlines the basic level of performance for which the provider will assume responsibility. Outlines the levels of service quality that will be used, describes the metrics to which performance will be held, as well as how often the metrics will be assessed. May</p>

Section	Topics	Description of Section
		be a section within the SLA or an Appendix to the SLA.
<b>Attachment C</b>	<b>Responsibilities</b>	<p>Contains detailed responsibilities for both the Provider Agency and the Customer Agency regarding the provision of services under this SLA. May be a section within the SLA or an Appendix to the SLA. Typically further sub-divided into:</p> <ul style="list-style-type: none"> <li>▪ <b>Customer Responsibilities</b></li> <li>▪ <b>Provider Responsibilities</b></li> <li>▪ <b>Formal Document Management (optional)</b> – Addresses the policies and procedures for how the agencies will track formal documentation. The level of document management can be as rigorous or as simple as the two parties deem fit.</li> <li>▪ <b>Configuration Change Management</b> – Addresses the policies and procedures for how the agencies will address impacts of changes to existing configurations.</li> </ul>

# Migration Planning Guidance (Draft)

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## Section 3.5 Service Level Agreement Overview

This section provides an overview on Service Level Agreements, and offers an explanation of the Service Level Agreement Template in Section 3.6.

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Currently, MOUs, IAAs and SLAs<sup>3</sup> may specify a payment or transfer of funds from one organization to another. In general, MOUs tend to be less formal agreements, and may or may not specify any level or quality of service, or may reference an SLA. IAAs do not usually specify any level or quality of service. On the other hand, SLAs are specifically used to establish level of service and standards of performance.

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V	<b>Security</b>	Addresses security requirements related to services included in this Agreement.
VI	<b>Modification of Services (Optional Section)</b>	Describes the process for modification of any services identified in this Agreement. May be further divided into: <ul style="list-style-type: none"> <li>▪ <b>A. Service Modifications</b></li> <li>▪ <b>B. Renewal of Services</b></li> </ul>
VII	<b>Enforcement of Agreement</b>	Describes the process for enforcing the SLA, and is typically further divided into:

Section	Topics	Description of Section
		<ul style="list-style-type: none"> <li>▪ <b>A. Dispute resolution</b> – outlines the manner in which disputes will be identified and resolved.</li> <li>▪ <b>B. Warranties and remedies (optional)</b> – outlines the potential recourse actions. This section is optional based upon the shared service center's statutory authority.</li> <li>▪ <b>C. Review of agreement (optional)</b> – Outlines the frequency of when review of the SLA should occur between the Provider Agency and the Customer Agency. OMB recommends an annual review. If warranted, an expected outcome of that review session is an action plan that addresses and plans for required activities agreed upon by both parties.</li> </ul>
<b>VIII</b>	<b>Points of Contact</b>	<p>Identifies the persons who will serve as overall contact points (primary and alternate) for customer agency and the shared service provider.</p> <p>Each party should establish a principal POC for communications that is available during normal business hours. Alternatives must be established during vacation or travel. Furthermore, each primary POC must establish two secondary POCs.</p>
<b>IX</b>	<b>Funding and Costs of Services</b>	<p>Discusses funding and cost recovery, and is further divided into:</p> <ul style="list-style-type: none"> <li>▪ <b>A. General funding Agreement</b></li> <li>▪ <b>B. Billing</b></li> <li>▪ <b>C. Incentive Credits and Penalties (optional)</b> – optional based upon the shared service center's statutory authority.</li> </ul>
<b>X.</b>	<b>Termination of Agreement</b>	<p>States the circumstances under which the SLA may be terminated. May be further subdivided into:</p> <ul style="list-style-type: none"> <li>▪ <b>A. Voluntary</b></li> <li>▪ <b>B. Involuntary (optional)</b></li> </ul>

Section	Topics	Description of Section
<b>XI</b>	<b>Legal Terms</b>	<p>This section outlines any specific legal terms that exist outside the SLA, and may include items such as Intellectual Property Rights, Confidentiality and Non-Disclosure agreements, License Rights of Use, etc. May be further divided into:</p> <ul style="list-style-type: none"> <li>▪ Governing Law</li> <li>▪ Grant of License (optional)</li> <li>▪ Intellectual Property (optional)</li> </ul>
<b>XII</b>	<b>Approvals</b>	<p>Contains space for signatures to reflect an understanding and acceptance of the primary documentation described above for which the signatories are responsible.</p>
<b>Attachment A</b>	<b>Services to be Provided</b>	<p>Contains an opening paragraph that presents an overview of the services that are being provided. Services may be categorized as:</p> <ul style="list-style-type: none"> <li>▪ Baseline Services</li> <li>▪ Optional Services</li> <li>▪ Customer-unique Services</li> </ul> <p>The categorization of services of baseline, optional and customer-unique is not necessary, but may be useful. In addition, this section can be subdivided into:</p> <ul style="list-style-type: none"> <li>▪ <b>Services NOT included (optional)</b> – specifically delineates services NOT included. This section specifically delineates services NOT included.</li> <li>▪ <b>Schedule (optional)</b> – This section discusses the schedule for the services.</li> </ul>
<b>Attachment B</b>	<b>Service Level Objectives</b>	<p>Outlines the basic level of performance for which the provider will assume responsibility. Outlines the levels of service quality that will be used, describes the metrics to which performance will be held, as well as how often the metrics will be assessed. May</p>

Section	Topics	Description of Section
		be a section within the SLA or an Appendix to the SLA.
<b>Attachment C</b>	<b>Responsibilities</b>	<p>Contains detailed responsibilities for both the Provider Agency and the Customer Agency regarding the provision of services under this SLA. May be a section within the SLA or an Appendix to the SLA. Typically further sub-divided into:</p> <ul style="list-style-type: none"> <li>▪ <b>Customer Responsibilities</b></li> <li>▪ <b>Provider Responsibilities</b></li> <li>▪ <b>Formal Document Management (optional)</b> – Addresses the policies and procedures for how the agencies will track formal documentation. The level of document management can be as rigorous or as simple as the two parties deem fit.</li> <li>▪ <b>Configuration Change Management</b> – Addresses the policies and procedures for how the agencies will address impacts of changes to existing configurations.</li> </ul>

# Migration Planning Guidance (Draft)

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## Section 3.6 Service Level Agreement Template

This section provides a Service Level Agreement (SLA) template with sample text. A description of the sections within this template is included in the SLA Overview section.

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DRAFT

# Service Level Agreement Template

This section provides a Service Level Agreement (SLA) template with sample text. A description of the sections within this template is included in the SLA Overview section.

Please note that the sample text is representative of how an SLA may be written, but the actual standard text within an SLA may vary from service provider to service provider. However, text is negotiable, and both the customer agency and the SSC must agree on the full contents of the SLA.

## I. STATEMENT OF LEGAL AUTHORITY

Sample Text:

[Shared Service Provider Name] agrees to provide service and / or product support as stated in the attachment(s) to [Customer Agency Name], pursuant to:

- <insert specific authority of the Shared Service Provider>
- Chief Financial Officers Act (September 1991)
- Circular A-11 Preparation, Submission and Execution of the Budget (Revised 2004)
- Circular A-123 Management Accountability and Control (June 1995)
- Circular A-127 Financial Management Systems (August 1999)
- Circular A-130 Management of Federal Information Resources (February 1996)
- Circular A-134 Financial Accounting Principles & Standards (May 1993)
- Circular A-136 Financial Reporting Requirements (December 2004)
- Federal Financial Management Improvement Act (1996)
- Public Law 104-205

## II. PURPOSE

Sample Text:

The purpose of this Service Level Agreement (SLA) is to identify the basic services, and any agreed upon optional services, to be provided by [Shared



*Service Provider Name*] regarding [*financial management systems and accounting services*] for [*Customer Agency Name*]. This SLA establishes mutually agreed upon service levels, monitoring methods, and organizational responsibilities where appropriate. This document is to be used in conjunction with the Inter/Intra Agency Agreement (IAA), which specifies the funding commitments associated with this SLA.

### III. PERIOD OF PERFORMANCE

Sample text:

The agreement is effective upon signature. The agreement will remain in effect for a maximum of [*<time period>*] until amended, replaced, or terminated by signed, mutual agreement of both organizations. At the conclusion of the [*<time period>*], a new SLA will be developed and signed so that services may continue.

### IV. SERVICES TO BE PROVIDED

Sample text has been provided in Appendix A.

#### A. SERVICE LEVEL OBJECTIVES

Sample text has been provided in Appendix B.

#### B. RESPONSIBILITIES

Sample text has been provided in Appendix C.

### V. SECURITY

Sample Text:

Security roles, responsibilities, and system interconnectivity requirements related to services included within this SLA will be defined in a separate Security Services Agreement (SSA). The SSA will be reviewed and signed by representatives of [*Shared Service Provider Name*] and the [*Customer Agency Name*]. A Rules of Behavior document will be attached to the SSA for clients who are users of computer systems and applications hosted and managed by the [*Shared Service Provider Name*].

## VI. MODIFICATION OF SERVICES (OPTIONAL SECTION)

### A. Service Modifications

Sample Text:

Modification of any service(s) identified in this agreement may be accomplished at the request of either party with prior notification and agreement, and will be documented within 30 days of mutual agreement and effective until the expiration of this agreement.

Emergent and unexpected events or Congressional mandates may require adjustments to the SLA. These adjustments will be submitted to the [Customer Agency Name] and the [Shared Service Provider Name] approving authority for their approval or rejection.

### B. Renewal of Services

Sample Text:

Annually, prior to the start of the fiscal year, but no later than [<date (i.e. August 30<sup>th</sup>)>], the customer will be requested to determine the service(s) it wishes to subscribe to at the beginning of the new fiscal year. Any changes will also be reflected with the annual IAA.

## VII. ENFORCEMENT OF AGREEMENT

Sample Text:

If expected levels of service and/or responses are not being met utilizing the prescribed issue resolution processes, the [Customer Agency Name] should contact an [Shared Service Provider Name] representative listed in the Points of Contact Section of this Agreement.

### A. DISPUTE RESOLUTION

Sample Text:

Each party agrees to attempt, in a timely manner, to resolve any dispute arising out of or related to this Agreement. Should issues arise that cannot be resolved at the operating level, they will be handled as follows:

- Either party may submit the area(s) of disagreement or concern in writing to the other party. The written presentation will be elevated to the appropriate [*Shared Service Provider Name*] Executive and [*Customer Agency Name*] Executive for review, at which time the Shared Service Provider Executive will be responsible for coordination and resolution with the customer. At the discretion of the [*Shared Service Provider Name*] Agency Executive and in collaboration with the [*Customer Agency Name*], an independent third-party may be engaged to provide for a resolution. The parties have [*<number of days (i.e. 30, 60)>*] days in which to reach an agreed-upon resolution to the dispute.
- In the event, the parties are unable, despite their best good faith efforts, to resolve a dispute among themselves within [*<number of days (i.e. 30, 60)>*] days, the parties shall forward the dispute to a mutually acceptable, independent third party to investigate the dispute and to propose a resolution or mediate the dispute. Each such request must be accompanied by a full report of all relevant information to the dispute.
- The independent third party will have [*<number of days (i.e. 30, 60)>*] days in which to either propose a resolution to the dispute or mediate the dispute. Proposed resolutions by the independent third party must be accepted by the parties and implemented within the independent third party's suggested timeframe.

## B. Warranties and Remedies (OPTIONAL SECTION)

### Sample Text:

The Service Level Objectives provide warranties of the levels of service to be expected by the Customer Agency. The Shared Service Provider will incur Penalties when the hosting falls below the agreed-upon service level objectives. The specific service level objectives and calculation of penalties are outlined in the Service Level Objective section of the SLA.

## C. Review of Agreement (OPTIONAL SECTION)

### Sample Text:

The [*Shared Service Provider Name*] and the [*Customer Agency Name*] will conduct an annual review of this Agreement. If warranted, a revised SLA and an action plan that addresses and plans for required activities agreed upon by both parties will be issued.

## VIII. POINTS OF CONTACT

Sample Table

Name	Primary/ Secondary	Agency/Organization and Address	Phone and Fax Number	Email

## IX. FUNDING AND COST OF SERVICES

### A. General Funding Agreement

Sample Text:

Direct and indirect costs of the above-described services are to be recovered by [Shared Service Provider Name] from all users on an equitable basis. Annual funding will be approved by both parties through an Inter/Intra Agency Agreement (IAA) to ensure continuation of services. Failure to sign an IAA in a timely manner may result in a discontinuation of services by the [Shared Service Provider Name].

### B. Billing

Sample Text:

Unless otherwise specified in the IAA, billing will be performed [*<frequency (i.e. monthly, quarterly)>*] in arrears using the client's Agency Location Code via the Department of Treasury's Inter-Governmental Payment and Collection system (IPAC). Any optional services required by the customer will be billed on an actual cost basis.

### C. Incentive Credits and Penalties (OPTIONAL SECTION)

Sample Text:

The Shared Service Provider will incur penalties when services fall below service level objectives (as defined in the Service Level Objectives section).

The Shared Service Provider will accrue incentive credits when the provider exceeds a target level (as defined in Service Level Objectives section).

## X. TERMINATION OF AGREEMENT

Sample Text:

Termination provisions are included in the IAA. The terms of this Agreement cease to apply as of the effective date of termination, except surviving terms, according to the Legal Terms in section XI. The customer will be billed for all costs incurred until the time of termination.

### A. Voluntary

Sample Text:

In consideration of the termination provisions stated in the Inter/Intra Agency Agreement, this SLA may be terminated by written notice from either party, followed by mutual agreement between the parties. This action must occur at least [*<time period (i.e. 180 days, twelve (12) months, etc)>*], or as specified in the individual attachment, in advance of the termination date. Each party remains responsible to the extent practicable for orderly wind down of activities or services in progress and for the maintenance of such activities and services. In addition, the Shared Service Provider agrees to support and cooperate as necessary to ensure a smooth transition to the successor solution.

### B. Involuntary (optional section)

Sample Text:

[*Customer Agency Name*] may terminate or suspend the services of the [*Shared Service Provider Name*] only under extraordinary circumstances necessary to prevent serious harm to their financial management operations, or for breach by the [*Shared Service Provider Name*] of the terms of this Agreement. Termination shall be in writing and shall be effective no less than 30 days from time notice is given. Suspension may occur at any time, as the needs and circumstances may reasonably require, with notice to the Shared Service Provider as soon as practicable. In the event of any such involuntary termination, each party remains responsible to the extent practicable for orderly wind down of activities or services in progress and for the maintenance of such activities and services. In addition, in the event of such involuntary termination, the Shared Service Provider agrees to support and

cooperate as necessary to ensure a smooth transition to the successor solution, the time line for which will be mutually agreed to by both parties.

## XI. LEGAL TERMS (OPTIONAL SECTION)

### A. Governing Law

Sample Text:

This Agreement shall be construed and adjudicated according to the statutes, regulations and judicial decisions of the United States of America.

Nothing herein is intended to conflict with current [*Customer Agency Name*] directives. If the terms of this agreement are inconsistent with existing directives of either of the Agencies entering into this agreement, then those portions of this agreement which are determined to be inconsistent shall be invalid, the remaining terms and conditions not affected by the inconsistency shall remain in full force and effect. At the first opportunity for review of the agreement, all necessary changes will be accomplished either by an amendment to this agreement or by a new agreement, whichever is deemed expedient to the interest of both parties.

### B. Grant of License (Optional section)

Sample Text:

For the term of this Agreement, the [*Customer Agency Name*] is granted a non-exclusive, royalty-free, non-transferable license to use the [*software*] for [*number of users*], including the right to grant access to authorized parties to such components and systems.

### C. Intellectual Property (Optional section)

Sample Text:

Intellectual property developed as part of the [*Shared Service Center Name*] operations is public information subject to the Freedom of Information Act (FOIA) and the Privacy Act. The financial records contained within the [*financial management system name*] at the [*Shared Service Center Name*] are recognized as being the property of the [*Customer Agency Name*]. Any FOIA action related to these records will be referred to the [*Customer Agency Name*] for handling.

## XII. APPROVALS

Sample Text:

This SLA accompanies the initial Inter/Intra Agency Agreement and is considered binding for both [*Shared Service Provider Name*] and the [*Customer Agency Name*] upon signing, by all affected parties, of this SLA and the Inter/Intra Agency Agreement. Future Inter/Intra-agency Agreements for this service will not contain this SLA but the terms, conditions, and responsibilities remain binding on all parties for the duration of service. A copy of this SLA is always available upon request.

\_\_\_\_\_  
*Customer Agency Name*  
 Signature & Date

\_\_\_\_\_  
*Shared Service Provider Name*  
 Signature & Date

\_\_\_\_\_  
*Customer Agency Name*  
 Typed Name & Title

\_\_\_\_\_  
*Shared Service Provider Name*  
 Typed Name & Title

## Attachments

The attachment(s) to this primary document represent(s) components of the overall SLA.

### Attachment A: SERVICES TO BE PROVIDED

A. Services to be provided:

Sample Text:

#### **1. *Baseline Services*<sup>1</sup>**

Sample Text:

Following is the list of baseline services offered by the [*Shared Service Provider Name*]. The items checked are the specific services to be provided under this SLA and supporting IAA.

- Hosting (operations and maintenance) FSIO (formerly JFMIP)-compliant financial management software
  - ✓ XYZ Software Package supporting user environment of up to 200 users
  - ✓ Production environment available for data processing from 7:00 AM to 7:00 PM Eastern Standard Time
  - ✓ Processing of scheduled jobs
  - ....etc....
- Data Management: Records Retention
  - Records retained in production system for two-year period.
  - Records retained in archive for seven-year period.
  - ....etc....
- Data Management: Developing Canned Reports
- ....etc....

#### **2. *Optional Services*<sup>2</sup>**

Sample Text:

<sup>1</sup> The definition of Basic Services is “services provided to all clients, with a standard pricing model based upon number of users, number of transactions, etc.”

<sup>2</sup> The definition of Optional Services is “value-added services not provided to all clients, but with a standard pricing model or level of effort algorithm.”



- **Implementation of FSIO-compliant financial management software**
  - Program management support
  - Requirements analysis
  - General Design
  - Testing
- **✓ Data Management: Developing Custom Reports**
- **Fixed Assets Financial Transaction Data Input**
  - Within 24 hours of receipt of paperwork
- ....etc....

### 3. **Customer-unique Services**<sup>3</sup>

Sample Text:

- **Hosting FSIO-compliant financial management software**
  - User base for financial systems software is 500 concurrent users.
  - Production environment availability needed for data processing from 7:00 AM to 10:00 PM Eastern Standard Time.
- ....etc....

B. Services NOT included (OPTIONAL SECTION)

C. Schedule (OPTIONAL SECTION)

## **Attachment B: SERVICE LEVEL OBJECTIVES**

Sample Text:

Measurement of the [*financial management system and operations*] activities is critical to improving services and is the basis for cost recovery for services provided. The [*Shared Service Provider Name*] and [*Customer Agency Name*] have identified activities critical to meeting the [*Customer Agency Name*] business requirements and have agreed upon how these activities will be assessed.

The following table outlines the performance metrics upon which service under this SLA will be assessed. Any performance metrics eligible for incentive credits are outlined here, along with the target that must be exceeded for the incentive credit to apply.

<sup>3</sup> The definition of Customer-Unique Services is "services based upon unique workload volumes, unique situations, special requirements (i.e. client-specific ad-hoc reporting, client-specific software customizations, etc.)."

The table outlines:

- **Metrics** – the method by which services will be assessed.
- **Metric Definition** – Detailed description of what the metric is assessing.
- **Metric Interval** – how frequently the services will be assessed.
- **Formula/Calculation** – The data and calculation involved in arriving at the final metric.
- **Performance Category** – The category that the metric best describes: cost, quality, time, customer, or flexibility/service.

Measures tagged with an \* will be effective [*<insert timeframe (i.e. within 3 months)>*] from the date the [Shared Service Provider Name] commences supporting the production operations of financial management services for [Customer Agency Name]. All other Service Level Objectives will be effective immediately on the date the [Shared Service Provider Name] commences supporting the production operations of financial management services for [Customer Agency Name].

Metric Name	Metric Definition	Formula/Calculation	Performance Category	Metric Interval
PLEASE REFER TO SECTION 3.7 OF THE MIGRATION GUIDANCE DOCUMENT FOR POTENTIAL PERFORMANCE METRICS. NOTE THAT NOT ALL PERFORMANCE METRICS LISTED IN SECTION 3.7 WILL BECOME A PART OF THE SLA.				

## Attachment C: RESPONSIBILITIES

### A. Customer Responsibilities

Sample Text:

This section contains detailed responsibilities of the Customer Agency.

#### 1. Data Ownership

- Retain ownership of financial data contained in the financial system.
- Prepare and maintain a Business Recovery Plan that identifies how the Customer will resume operations of its business function should a disaster occur at its facilities. This plan shall address where the organization will be relocated and how replacement of network circuits and points of contact will be coordinated with the Shared Service Provider.

#### 2. Timeliness

- a. Respond within 24 hours to calls to the points of contact, Monday through Friday, excluding Federal Holidays.
- b. Pay for contractor services within 60 days of receipt of invoice.

**3. etc.**

**B. Provider Responsibilities**

Sample Text:

This section contains detailed responsibilities of the Shared Service Provider, especially those that may not be outlined as part of the Attachment A, Services to be Provided or the Attachment B, Service Level Objectives.

**1. Security**

- a. Protect the accounting system data of the Customer in accordance with the [*Shared Service Provider Name*] requirements and the requirements laid forth in the Security Services Agreement (SSA).

**2. Continuity**

- a. Maintain a disaster recovery and Continuity of Operations Plan, as required by the FMLoB Due Diligence Checklist. A letter of assurance for Disaster Recovery and Continuity of Operations will be provided prior to production operations being transitioned from the customer to the provider.

**3. Timeliness**

- a. Provide Tier 1, 2, and 3 support services according to the response time agreed upon in the SLA.
- b. Bill customer according to terms and conditions of the SLA.

**4. etc.**

**C. Formal Document Management (OPTIONAL SECTION)**

Sample Text:

The [*Shared Service Provider Name*] shall establish positive document control on all formal documentation distributed the Customer. Each piece of formal documentation will be assigned a configuration item number and a version number. Any updates to document versions will trigger a notification to the Customer.

**D. Configuration Change Management**

Sample Text:

Each party agrees, in a timely manner, to notify the other party in advance of any substantial changes to its own system and business processes that affect systems and or business processes of the other party.

The nature and magnitude of changes, and the processes for each party to communicate regarding such changes will be defined in a separate Configuration and Change Management Agreement (CCMA). The CCMA will be reviewed and signed by representatives of [*Shared Service Provider Name*] and the [*Customer Agency Name*].

**Additional Documents Related to the SLA may include:**

- A. CONFIGURATION AND CHANGE MANAGEMENT AGREEMENT (CCMA)**
- B. END USER RULES OF BEHAVIOR**

## Section

## 3.7 Performance Measurement

### I. Performance Metrics: Purpose, Outcomes, and Scope

#### A. Purpose

The vision of the Financial Management Line of Business (FMLoB) is to improve the cost, quality, and performance of financial management systems by leveraging shared service solutions and implementing other government-wide reforms that foster efficiencies in Federal Financial Management (FM) systems and operations. Having a limited number of stable and high performing shared service centers to support their financial systems and operations will assist Federal agencies in reducing costs by providing competitive alternatives for them to acquire, develop, implement, and operate financial management systems and operations.

This document is the first in a series of documents to identify and prioritize a set of standard performance measures for agencies to benchmark and compare the performance of financial management shared service offerings (i.e., information technology infrastructure hosting and administration, application management services, and business process services). These measures are being jointly developed by the General Services Administration (GSA), the office of Management and Budget (OMB), the four Federal Shared Service Centers (SSCs), commercial integrators and software vendors, and the Chief Financial Officer (CFO) Act<sup>1</sup> agencies.

The Performance Management (PM) working group (a combination of OMB, GSA, and contractor support), the SSCs, and Federal agencies will use common metrics to compare agencies' financial management services. By applying a collection of common metrics to all FM operations, agencies will become more aware and educated on the current state of FM operations and therefore, be able to manage and advise effectively. This will allow CFO Act agencies, client agencies, OMB, and the SSCs to establish common standards for FM performance. However, each group can also use these metrics for different purposes:

---

<sup>1</sup> The Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576).

- SSCs can use these metrics as part of an ongoing dialogue with agency customers about the level of service they are providing;
- Agencies can use these metrics to understand their current FM performance and the performance of other service alternatives, improving agencies' ability to plan for enhanced levels of FM service;
- OMB can use these metrics to assess how agencies are performing within their FM service alternatives and to approve agencies' decisions on plans for FM improvement; and
- All stakeholders can use the metrics for more informed decision-making through commonly-applied performance assessment.

## B. Scope and Definitions

The performance measures proposed in this document were selected by the PM working group to support agency decision-making in migrating to an FM shared service (i.e., information technology infrastructure hosting and administration, application management services, business process services) and when assessing the performance of existing FM services (i.e., in-house or contracted-out). Throughout the implementation of the FMLOB vision, these measures could change to better reflect stakeholder needs.

FM services consist of four primary Service Categories (see Table 3.7.1). The Service Categories are further broken-down into Offerings. These Offerings are the actual services or types of support functions provided to client agencies. The Offerings match the Menu of Services (see Section 2.2), however, there are a few exceptions. Certain Offerings in the Menu of Services will be populated by lists of specific supported software or interfaces, such as Interfaces Supported and IT Infrastructure Software Supported.

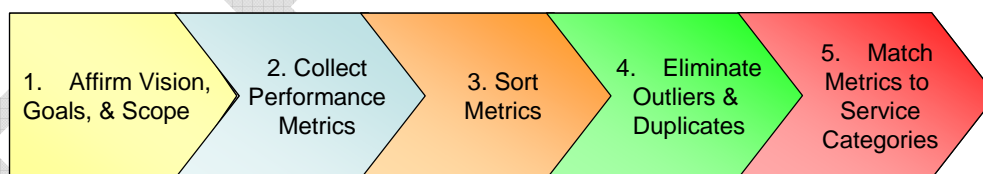
The PM working group has identified performance measures for three of the four Service Categories and their corresponding Offerings: IT Infrastructure Hosting and Administration; Application Management Services; and Business Process Services. Metrics and definitions for the Systems Implementation Services category are currently under development and will be included in future updates to the Migration Planning Guidance.

Service Category	Offering
IT Infrastructure Hosting and Administration	IT Hosting IT Administration Services IT Security Services Customer Support Services Network Services
Application Management Services	Interface Supported Application Management Application Software Development
Business Process Services	Transaction Processing - Funds Transaction Processing - A/P Transaction Processing - A/R Transaction Processing - Reports
System Implementation Services	Project Management Support Requirements Analysis Business Process Management System Migration Management Testing Training Services

**Table 3.7.1 Performance Measure Service Categories & Offerings**

## II. Approach

The PM working group followed a five-step approach for identifying metrics. These steps include understanding the performance metrics that are currently used by the stakeholders, and how the performance metrics can best support and align with agency visions and goals. Figure 3.7.1 illustrates these five steps.



**Figure 3.7.1: Approach Used to Compile Performance Metrics**

### 1. Affirm Vision, Goals, & Scope

In accordance with the vision and goals of the FMLOB, the performance metrics must be relevant for any method of improving cost, quality, or performance, whether it inform in-house operations or contracted-out service. In other words, the metrics must be “sourcing-agnostic”. Further, the metrics must permit stakeholders to make more educated decision-making for all FM service-related decisions.

To support specific areas of decision-making, the group identified additional attributes to measure performance of each Service Offering Category or Service Offering. Those attributes are as follows:

- Quality: Was the work done correctly & accurately?
- Time: Was the work done within time constraints?
- Flexibility / Service: Was the service provider flexible in meeting client needs?
- Customer: Did the experience meet/exceed client expectations? and
- Cost: How much did it cost to provide the service?

## 2. Collect Performance Metrics

The PM working group researched performance metrics used by the government and private sector. Sources included the four current Federal government SSCs and their existing Service Level Agreements (SLAs) with their customers as well as public and private sector best practice research.

## 3. Sort Metrics

Metrics were sorted into the Service Categories and their associated Offerings. The Service Categories, Offerings, and the corresponding metrics were then entered into a template (see Appendices B and C). Metrics that inform the overall performance of Service Categories are referred to as Level 1 and metrics that inform the performance of distinct Offerings are referred to as Level 2.

Additional metric attributes have also been added (e.g., definitions, required calculations). Additional attributes will be added throughout this process (e.g., world-class and government benchmarks, target service levels, and measurement time intervals).

## 4. Eliminate Outliers & Duplicates

Once the metrics were sorted into one of the Service Categories or one of the more granular Offerings, the PM working group reviewed the metrics to ensure that duplicates were eliminated. Metrics that were not applicable to the Federal FM environment or require information that has not been collected were noted, and not listed in this draft.



## 5. Match Metrics to Service Categories

For each Service Category, the group discussed how to recognize success, keeping the five performance dimensions of cost, quality, timeliness, customer, and flexibility/service in mind. These characteristics of success are summarized below, and translate into a guide for selecting performance metrics that have the greatest value to management. As the process iterates and evolves, the characteristics that describe success will be refined and continually used to select metrics with the greatest value to management for all FMLoB stakeholders.

IT Infrastructure Hosting & Administration	<ul style="list-style-type: none"> <li>▪ High reliability, low maintenance</li> <li>▪ Transparent; invisible to the end user</li> <li>▪ Reliable continuity of operations</li> <li>▪ Clean security audit – no breaches or significant security risks</li> <li>▪ Cost effective</li> </ul>
Application Management Services	<ul style="list-style-type: none"> <li>▪ Clear definition of users' roles</li> <li>▪ Users have access to the functionality they need to perform their tasks</li> <li>▪ Ability to predict required configuration changes</li> <li>▪ Ease of management for System Operators</li> <li>▪ Transparency during application upgrades</li> <li>▪ Access &amp; data control: users can access no more and no less than what is required</li> <li>▪ Rapid refresh rates for user interfaces</li> <li>▪ Efficient resolution of any problems</li> <li>▪ Ease of use for end users</li> <li>▪ System is optimized to run effectively during periods of heavy load</li> </ul>
Business Process Services	<ul style="list-style-type: none"> <li>▪ Agencies pay for services, not defects</li> <li>▪ Low error rate</li> <li>▪ Rapid &amp; accurate error resolution (right the first time)</li> <li>▪ Scheduled reports generated in a timely fashion</li> <li>▪ Customized queries are easy</li> <li>▪ Clear exception reporting</li> <li>▪ Data accessible when needed</li> <li>▪ Back office functions invisible to end users</li> <li>▪ Ability to drill-down and roll-up data by categories (e.g. Agency → Office → People)</li> <li>▪ Timeliness of operations does not impede users from performing required tasks</li> </ul>

The FMLoB plans to review these metrics with stakeholder groups as described in the next steps section of this document. As the FMLoB continues, new Offerings may be identified and new performance metrics will be added to the vital few metrics.

### III. Next Steps

The PM working group is proceeding through the metric selection and initial prioritization and review phases. This will include reviewing the performance metrics with the SSCs, CFO Act Agencies, and commercial vendors and integrators. Review of the Selection process and of the metrics selected (as described in the Level 1 and Level 2 Grids, Appendices B and C) with the SSCs and the 24 CFO Act agencies is seen as a vital next step in identifying commonly adopted performance metrics.

In order to facilitate education of—and discussion around—the performance metric selection approach, the PM working group will create a PowerPoint slide deck version of this document, incorporating any improvements and evolutions as they affect content. In addition to this report, a companion presentation provides a quick overview for stakeholders seeking additional information about the activities of the PM working group.

The PM working group has identified the following next steps:

- Complete research on performance metrics for Service Categories and Offerings
- More fully integrate with other components of the FMLoB team
- Share with—and gather input from—SSCs
- Share with—and gather input from—CFO Act agencies
- Share with—and gather input from—private-sector service providers
- Create a PM presentation for review and education purposes

## Appendix A: Sources Key

The following sources were used to identify performance metrics.

Source #	Source
1	APQC Summary of Process Measures, 6/14/05
2	(DGT)
3	ARC Full Budget Services – Service Description
4	ARC Standard Measures of Cost & Quality for comparing COEs, 7/05
5	NBC Prototype Financial Mgmt SLA
6	Benchmarking: Uncovering Myths and Realities (Alfonsi, 1999)
7	Bureau of Public Debt SSC Performance Metrics
8	National Business Center SSC Performance Metrics
9	Financial Information Services Center SSC Performance Metrics
10	DOE IT QASP 03.16.04
11	FY2006 EFASC Perf Metrics
12	GAO/AIMD-00-134 Executive Guide: Creating Value through World-class Financial Management
13	Gartner: Application Development file
14	Gartner: Data Center Support file
15	Gartner: Data Management file
16	Gartner: Desktop support V1 file
17	Gartner: Network support file
18	Gartner: Single point of contact file
19	Guide to Financial Management Benchmarking: Case Study, Department of Housing (DOH) <a href="http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_133/gfmb2_e.asp">http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/TBM_133/gfmb2_e.asp</a>
20	Hackett Presentation, “2005 Best Practice Insights and Metrics for Achieving World-Class Performance in Finance,” 10/31/05
21	<a href="http://www.compuware.com/products/qacenter/qaload.htm">http://www.compuware.com/products/qacenter/qaload.htm</a>
22	IDW financial management potential measures for BLINC
23	OMB Prototype SLA
24	Shared Service Capability document
25	E-Authentication Federation Legal Document Suite
26	The Hackett Group: Application ROI Sample Calculated Metrics
27	The Hackett Group: Account to Report Advisory Program Introduction
28	The Hackett Group: Fast Close Helps Leading Edge Companies Close their Books in Hours instead of Weeks
29	The Hackett Group: Hackett Book of Numbers. December 2005 – 2005 Performance Metrics and Practices of World-Class Finance Organizations
30	The Hackett Group: Finance Shared Services Key Performance Metrics, Trends, Key Hackett Findings
31	The Hackett Group: World-Class Invoice to Cash, Katie Downs, Senior Business Advisor & Program Leader, 11/7/2005
32	The Hackett Group: Purchase to Pay Metrics and Best Practices Vol. 1.1 October 25, 2005
33	Financial Management Line of Business Project Management Office
34	The Hackett Group: Technology Metrics

## Appendix B: Service Category Metrics

The following tables identify measures for the 3 Service Categories:

- IT Infrastructure Hosting and Administration
- Application Management Services
- Business Process Services

Table 1 identifies measures for the 3 Service Categories across the performance dimensions of quality, time, flexibility/service, customer, and cost.

Table 2 provides greater detail for each measure identified in Table 1. Below are definitions for each column in Table 2, and a measurement frequency key.

Measurement Frequency Key	
Code	Frequency
A	Annually
B	Bi-annually
Q	Quarterly
M	Monthly
W	Weekly
D	Daily
C	Continuously

Table Column Definitions	
Metric Grid Field	Definition
Metric ID	Identification number for the metric.
Metric Name	Common name for the performance metric.
Metric Definition	Detailed description of what the metric is assessing.
Formula/Calculation	The data and calculation involved in arriving at the final metric.
Performance Category	The category that the metric best describes: cost, quality, time, customer, or flexibility/service.
Source #	From Appendix A, the source of the metric.
Metric Interval	How frequently the services will be assessed

**TABLE 1: Measures for Service Categories across Performance Dimensions**

	Cost	Quality	Time	Customer	Flexibility/Service
<b>IT Infrastructure Hosting &amp; Administration</b>	<ul style="list-style-type: none"> <li>Cost per System User</li> <li>Total IT Cost as % of Funds Allocated</li> <li>Technology Cost as % of Budget</li> <li>IT Staff per 1000 End Users</li> <li>IT Staff per \$1B Funds Allocated</li> </ul>	<ul style="list-style-type: none"> <li>Number of Security Audit Findings</li> <li>Communication of Outages &amp; Upgrades to Customers</li> </ul>	<ul style="list-style-type: none"> <li>Transactional Response Time</li> <li>Response Time for Critical, High, Medium, &amp; Low Incidents</li> <li>End-to-End Disaster Response Time</li> </ul>	<ul style="list-style-type: none"> <li>Help Desk Call Answer Response Time</li> <li>Customer Satisfaction Score</li> <li>Annual Help Desk Calls per 1000 End Users</li> </ul>	<ul style="list-style-type: none"> <li>Help Desk Availability</li> <li>System Availability</li> <li>% External SLAs Are Being Met</li> </ul>
<b>Application Management Services</b>	<ul style="list-style-type: none"> <li>Application Management Costs</li> </ul>	<ul style="list-style-type: none"> <li>Annual Hours / FTEs Spent on Post-Release Adjustments</li> </ul>	<ul style="list-style-type: none"> <li>Average Process Time per Transaction</li> <li>Average Unplanned Downtime During Upgrade</li> <li>Time to Restore Critical Application Functionality</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of Users Who Experienced Downtime</li> </ul>	<ul style="list-style-type: none"> <li>Percentage On-time Upgrades</li> <li>Percentage of Data Received Automatically</li> <li>Percentage of Non-Critical Change Orders Completed</li> </ul>
<b>Business Process Services</b>	<ul style="list-style-type: none"> <li>Total Finance Cost as a Percentage of Total Funds Allocated</li> <li>Finance Breakdown – Labor Costs as a Percentage of Total Funds Allocated</li> <li>Finance Breakdown – Outsourcing Costs as a Percentage of Total Funds Allocated</li> <li>Finance Breakdown – Technology Costs as a Percentage of Total Funds Allocated</li> <li>Finance Breakdown – Other Costs as a Percentage of Total Funds Allocated</li> <li>Total FTEs per \$1B Funds Allocated</li> <li>Transaction Processing Cost as a Percentage of Funds Allocated</li> </ul>	<ul style="list-style-type: none"> <li>Percent Transactions with Errors</li> </ul>			<ul style="list-style-type: none"> <li>Percent Transaction Sent Electronically</li> </ul>

**TABLE 2: Service Category Measures Detail**

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
<b>IT Infrastructure Hosting and Administration</b>						
Level I: IT-1	Cost per System User	Cost of System Maintenance and Upkeep per User	Total Cost of System Maintenance / Number of Users	Cost	4	A
Level I: IT-2	Total IT Cost as a percent of revenue	Total IT cost, relative to financial management, as a percent of the total revenue	Total IT cost / total revenue * 100	Cost	34	A
Level I: IT-3	Technology Cost as a percentage of Budget	Total technology cost as a percentage of total budget.	Total technology cost / total budget * 100	Cost	27	A
Level I: IT-4	IT staff per 1000 end users	Total IT staff per 1000 end users	Total IT staff / 1000	Cost	34	A
Level I: IT-5	IT staff per billion in revenue	Total IT staff per billion dollars in revenue/budget	Total IT staff / 1 billion	Cost	34	A
Level I: IT-6	Help Desk Call Answer Response Time	Answer time is the number of seconds it takes the customer to connect with contact center representative; Average time taken to respond to a problem or refer the problem for further action	Number of calls answered / total calls * 100; Sum of all minutes spent on help desk calls between answer of call and resolution or referral of issue / Number of calls to Help Desk	Customer	18, 10, 4, 24	W,M
Level I: IT-7	Customer Satisfaction Score	Measures overall contractor performance at time of high priority incidents, e.g. Help Desk call resolution. Customer surveying to determine whether end user feedback is consistent with the reported performance against Service Level.	The following formula is valid for the daily and monthly reporting periods. Number of responses with a very satisfied or satisfied rating / total number of responses; Sum of survey result from each participant / total number of participants	Customer	1, 10, 18, 23	A
Level I: IT-8	Annual help desk calls per 1000 end users	Annual number of help desk calls per 1000 end users	Total number of help desk calls in a year / 1000	Customer	34	A
Level I: IT-9	Help Desk Availability	Percentage of time Help Desk is available for use	Total Actual Help Desk Uptime in Period / Total Expected Help Desk Uptime in Period * 100	Flexibility/Service	24	M,W

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level I: IT-10	System Availability	Hours System is Available, expressed as a proportion of hours the system is contractually obligated to be available	Available hours / Obligated Hours * 100	Flexibility/Service	1, 4, 23	B,M
Level I: IT-11	Percent External SLAs are being met	Percentage of external (i.e. client) SLAs that are being met by the service provider	Number of external SLAs that are being met / number of external SLAs * 100 [Measure how they are being met by quantitative measures in SLA and annual satisfaction survey score]	Flexibility/Service	34	A
Level I: IT-12	Number of Security Audit Findings	Number of Security Audit Findings	Count of audit findings	Quality	4	A
Level I: IT-13	Communication of outages and upgrades to customers	Timeliness of notice to customers of system outages and/or upgrades	Average time to communicate outages (measured from time of outage to time of notification) and average notification time prior to upgrade	Quality	4	Q
Level I: IT-14	Transactional Response Time	Percentage of Transactions Completed within Target as a proportion of total transactions	Transactions Completed within Performance Target / Total Transactions * 100	Time	23	D,M
Level I: IT-15	Response time for Critical, High, Medium, and Low incidents.	<p>Average amount of time to respond to Critical, High, Medium, and Low incidents.</p> <p><u>Critical</u> - Complete loss of service; Multiple customer service failure; Virus contamination; Media contamination.</p> <p><u>High</u> -Service loss for multiple/single customer (deadlines in jeopardy).</p> <p><u>Medium</u> -Single user unable to accomplish a task with no "work around".</p> <p><u>Low</u> - Single user unable to use their IT services with a "work around"; Single user with no requirement for unavailable service; User request for information or asks a how-to question without immediacy; Software or hardware training/inquiry.</p>	Total amount of time to respond to critical, high, medium, and low incidents / total number of critical, high, medium, and low incidents.	Time	10	M

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level I: IT-16	End-To-End Disaster Response Time	Amount of time required to restore system(s) to working order after disaster.	Total time required to restore system(s) to working order after disaster.	Time	15	Q
<b>Application Management Services</b>						
Level I: AM-1	Application Management Costs	Total cost of application management services as a percent of total operations cost	Total cost of application management services / total cost of operations * 100	Cost	13	A
Level I: AM-2	Percentage of Users Who Experienced Downtime	Proportion of Users Affected by Downtime	Number of Users Affected / Total Number of Users * 100	Customer	21	M
Level I: AM-3	Percentage On-Time Upgrades	Number of upgrades released according to schedule, as a proportion of upgrades released	Number of upgrades released on time / number of upgrades released * 100	Flexibility/Service	1, 4	B
Level I: AM-4	Percentage of Data Received Automatically	Percentage of data received by SSC in an automated format	Total Count of Data Received in Automated Format / Total Count of All Data Received * 100	Flexibility/Service	4	A
Level I: AM-5	Percentage of Non-Critical Change Orders Completed	Percentage of non-critical change orders completed within the period	Percentage of total number of non-critical change orders completed within the period [non-critical functionality should be defined in the SLA]	Flexibility/Service	1	A
Level I: AM-6	Annual Hours/FTEs Spent on Post-Release Adjustments	Percent of total hours (or FTEs) logged for correcting errors in upgrades after release (e.g. hours spent correcting faulty code)	Sum total of hours/FTEs logged for error correction within the year / total working hours * 100	Quality	1	A
Level I: AM-7	Average Process Time per Transaction	Average Processing Time per Transaction	Total Processing Time / Number of Transactions	Time	27	M
Level I: AM-8	Average unplanned downtime during upgrade	Average percent of unplanned downtime during upgrade process (measures time outside of planned downtime)	Total unplanned downtime during upgrade / total planned downtime during upgrade * 100	Time	13	A



Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level I: AM-9	Time to restore critical application functionality	Time to restore functionality of critical applications	Total time to restore critical applications. 90% should be resolved within 4 hours. [Critical functionality should be defined in the Service Agreement].	Time	13	M
<b>Business Process Services</b>						
Level 1: BP-1	Total Finance cost as a percentage of total revenue	Total Finance Cost as a Percentage of Total Revenue	Total Finance costs divided by total revenue on an annual basis * 100	Cost	29	A
Level 1: BP-2	Finance Breakdown - Labor costs as a percentage of total revenue	Finance Breakdown - Labor costs as a percentage of total revenue	Total Finance Labor costs divided by total revenue * 100	Cost	29	A
Level 1: BP-3	Finance Breakdown - Outsourcing costs as a percentage of total revenue	Finance Breakdown - Outsourcing costs as a percentage of total revenue	Total Finance Outsourcing costs divided by total revenue * 100	Cost	29	A
Level 1: BP-4	Finance Breakdown - Technology costs as a percentage of total revenue	Finance Breakdown - Technology costs as a percentage of total revenue	Total Finance Technology costs divided by total revenue * 100	Cost	29	A
Level 1: BP-5	Finance Breakdown - Other costs as a percentage of total revenue	Finance Breakdown - Other costs as a percentage of total revenue	Total Finance "Other" costs divided by total revenue * 100	Cost	29	A
Level 1: BP-6	Total FTEs per \$ Billion revenue	Total FTEs per \$ Billion revenue	Total Finance FTEs divided by \$ Billion revenue	Cost	29	A
Level 1: BP-7	Percent Transactions with Errors	Percent Transactions with Errors	Total Transactions with Errors divided by total transactions * 100	Quality	29	M
Level 1: BP-8	Percent Transactions sent electronically	Percent Transactions sent electronically	Number of Transactions sent electronically divided by total transactions * 100	Flexibility/Service	29	M
Level 1: BP-9	Transaction Processing cost as a percentage of revenue	Transaction Processing cost as a percentage of revenue	Total Transaction Processing cost divided by total revenue on an annual basis * 100	Cost	29	A

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## Appendix C: Offering Metrics

The table below identifies measures for the 12 offerings that make up the Service Categories. These offerings are services or types of support functions provided to client agencies, and are presented below:

Service Category	Offering
IT Infrastructure Hosting and Administration	IT Hosting
	IT Administration Services
	IT Security Services
	Customer Support Services
	Network Services
Application Management Services	Interface Supported
	Application Management
	Application Software Development
Business Process Services	Transaction Processing - Funds
	Transaction Processing - A/P
	Transaction Processing - A/R
	Transaction Processing - Reports

Below are definitions for each column in Table 3, and a measurement frequency key.

Measurement Frequency Key	
Code	Frequency
A	Annually
B	Bi-annually
Q	Quarterly
M	Monthly
W	Weekly
D	Daily
C	Continuously

Table Column Definitions	
Metric Grid Field	Definition
Metric ID	Identification number for the metric.
Metric Name	Common name for the performance metric.
Metric Definition	Detailed description of what the metric is assessing.
Formula/Calculation	The data and calculation involved in arriving at the final metric.
Performance Category	The category that the metric best describes: cost, quality, time, customer, or flexibility/service.
Source #	From Appendix A, the source of the metric.
Metric Interval	How frequently the services will be assessed

**TABLE 3: Offerings Measures Detail**

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
<b>IT Infrastructure Hosting and Administration</b>						
<b>Customer Support Services</b>						
Level II: IT-1	Percent of Incoming Calls Answered within Specified Time Period	Percent of incoming Calls answered within specified time period (time period to be specified in SLA)	Total Help Desk calls answered within specified timeframe (specified in SLA) / total incoming calls * 100	Customer	23	M
Level II: IT-2	Staffed Support (Availability)	Amount of time in a given week that IT staff (non help desk) is available.	Availability should be provided in hours and days per week and days per year in the SLA (e.g. 24 hours per day, 7 days per week, 365 days per year)	Flexibility/Service	10	A
Level II: IT-3	Cost per Call (or Per Issue)	Cost of Help Desk Support Services, as broken down on a per-call (or per-issue) basis	Total Help Desk Services costs / Total Number of Calls (or Issues)	Cost	4	B,M
Level II: IT-4	Average IT Survey Score	Average survey score for Issue Resolution Performance, 'Right First Time', & Processing Time	Sum total score for each issue category (issue resolution, 'Right First Time', & Processing Time) / Number of respondents for each of the 3 issue categories	Customer	[Derived from] 1	A
Level II: IT-5	Call Abandonment Rate	The call abandonment rate is the proportion of calls that come into the Help Desk which either hang up or are disconnected before the agent answers the phone.	Number of abandoned calls (calls that have entered the queue and "hang up")/ total calls * 100	Customer	18, 10, 4	M
Level II: IT-6	Help Desk Response Time	Average time taken to respond to a problem or refer the problem for further action	Sum of all minutes spent on help desk calls between answer of call and resolution or referral of issue / Number of calls to Help Desk	Customer	18, 10, 4, 24	W,M
Level II: IT-7	Average Number of Help Desk FTEs per Client Agency	Average Number of Help Desk FTEs per Client Agency	Total Help Desk FTEs / Number of Client Agencies	Flexibility/Service	1	A

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: IT-8	First Call Resolution Rate - Non technical & Technical	The servicing and closing of technical and non-technical related problem ticket by Help Desk. First contact completion applies when the first person the customer reaches either answers the question, resolves the problem, or dispatches service where appropriate.	Number of issues resolved on the first call / total calls * 100	Flexibility/Service	18	M
Level II: IT-9	Call Closure Rate within certain time periods	Time between the opening of an incident and its final closure. Final closure of the ticket often requires a waiting period or confirmation with the end user after the issue has been resolved. Include the total time here from inception through post resolution.	Number of calls resolved on the first call + the next X business hours / total calls * 100 (recommend 4, 8, and next business day time periods)	Time	18	M
Level II: IT-10	Recall For Same Problem	Percent of help desk inquiries are for the same problem (a problem that was 'fixed' previously)	Total number of recalls / total number of calls (this can also be applied to specific help desk agents or specific problem areas such as printing, etc).	Quality	10	M
Level II: IT-11	Telephone Contact: Placed in Voice Mail & Respond to Voice Mail	Percent of calls placed in voicemail and average response time to the calls that are placed in voicemail	Total number of calls placed in voice mail / total number of calls * 100. And, total time to respond to calls in voice mail / total calls in voice mail.	Customer	10	M
Level II: IT-12	Response time to electronic message contact	Average amount of time to respond to electronic message contact	Total amount of time to respond to electronic messages / total number of electronic message responses. SSC should strive to respond to a certain percentage of the messages in less than a given timeframe.	Time	10	M

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: IT-13	Help Desk Incident Logging	Percent of incidents entered in service logs.	Total number of incidents entered in service logs / total number of incidents/calls * 100	Flexibility/Service	10	M
Level II: IT-14	Account Administration - Email, network, account privileges, and Password Reset/Account Unlock	Average amount of time to fix administrative changes (Email, network, account privileges, and Password Reset/Account Unlock)	Total amount of time to fix administrative changes / total number of administrative changes	Time	10	M
<b>IT Infrastructure Hosting and Administration</b>						
<b>IT Administration Services</b>						
Level II: IT-15	All Media Backed Up per Disaster Recovery Plan	Percent of media that is backed up per the disaster recovery plan	Amount of media that is backed up by the disaster recovery plan / total amount of media * 100	Flexibility/Service	10	M
Level II: IT-16	Frequency of Pre-Emptive Interventions for Maximum CPU Utilization	Expressed as a percentage, the success rate of intervening when continuous CPU utilization sustains a level predetermined within the SLA (e.g. 70%) within a pre-determined time (e.g. 5 days).	Number of interventions (e.g. upgrades, software improvements) / Number of recorded instances of near-maximum sustained CPU utilization * 100	Quality	23	A
Level II: IT-17	Moves/Adds/Changes - Disconnects, reconnects, moves, new software, telephone, and manual software changes	Acceptable time required to move/add/change a desktop system upon appropriate request. Normally more than 20 requests is considered a separate project and is based on project plan.	Time (in days) to complete request / Number of requests	Time	10, 16	Q
Level II: IT-18	On-Time Delivery Percentage for User ID or Authorization Changes	Percentage of User ID or Authorization changes completed within established target time	Sum count of User ID or Authorization changes completed within established target time / Number of User ID or Authorization changes * 100	Time	23	M
Level II: IT-19	Restoration time for All Server Related Outages	Amount of time required to restore server related outages	Total amount of time required to restore server related outages / total number of outages	Time	10	M

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: IT-20	File Recovery	Average amount of time to begin process of restoring files when notified by end user or become aware of failure through self analysis or contact center.	Average of the total amount of time for file recovery from initial notification	Time	15	Q
<b>IT Infrastructure Hosting and Administration</b>						
<b>IT Hosting</b>						
Level II: IT-21	Primetime on-line Availability	The percent of time during prime time that the on-line system is available for normal business operations.	Amount of time during prime time that the on-line system is available for normal business operations / Total amount of time during prime time (prime time should be defined in the SLA)	Flexibility/Service	14	C
Level II: IT-22	IT Spend per Customer	Average IT spend per customer	Total IT spend / number of customers	Cost	34	A
<b>IT Infrastructure Hosting and Administration</b>						
<b>IT Security Services</b>						
Level II: IT-23	Number of Security Breaches	Number of Security Breaches Detected	Count of security breaches detected	Quality	2	A
Level II: IT-24	Percentage of Successful System Security Request Responses	Percentage of system security requests responded to within the predetermined response time (e.g. 1 day).	(Total number of on-time responses to security requests / Number of requests) * 100	Time	23	A
Level II: IT-25	Ability to Report Current Configuration and Vulnerabilities of Supported Systems	Amount of time required to report current configuration and vulnerabilities of supported systems	Average amount of time required to report current configuration and vulnerabilities of supported systems	Time	10	M
<b>IT Infrastructure Hosting and Administration</b>						
<b>Network Services</b>						

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: IT-26	Network availability - Internet/Intranet/Extranet Server Availability/LAN availability	The percent of time that end users have access to the servers that provide Internet/Intranet and Extranet availability for normal business operations.	Total available hours divided by total hours in measurement period. Each Server * expected available hours per day * expected available days per month * 100	Flexibility/Service	1, 4, 10, 17	B,M
<b>Application Management Services</b>						
<b>Application Management</b>						
Level II: AM-1	Dollar Cost of Downtime	Sum cost of Downtime Experienced, expressed in terms of dollars	Sum total of financial cost of all downtime experienced in period.	Cost	21	M
Level II: AM-2	Labor-Hour Cost of Downtime	Labor hours lost due to downtime	Labor hours spent recovering from – or idle because of – downtime	Cost	21	M
Level II: AM-3	Break/Fix non-critical applications	Average time to restore functionality of non-critical applications	Sum of amount of time to restore functionality of non-critical applications / sum of number of non-critical application corrections	Flexibility/Service	13	M
Level II: AM-4	Report run time	Average cycle time for reports	Sum of amount of cycle time per report / sum of number of reports executed	Time	4	M
<b>Application Management Services</b>						
<b>Application Software Development</b>						
Level II: AM-5	Average Cost per Interface Built	Average cost of an interface built within the year	Sum of costs of all interfaces built within the year / Total number of new interfaces built	Cost	4	A
Level II: AM-6	Total Cost per Upgrade	Average cost (labor, materials, outsourcing, etc.) for each upgrade implemented during the year.	Sum of all upgrade costs, including labor / Number of upgrades completed within the year	Cost	4	A



Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: AM-7	Average Hours per Change Order	Average number of hours fulfilling each authorized change order	Sum total of hours spent fulfilling change orders / Number of change orders completed within the year	Quality	1	A
<b>Application Management Services</b>						
<b>Financial Application Software Supported</b>						
Level II: AM-8	Electronic Report Distribution Percentage	Percentage of standard reports distributed electronically	(Count of reports distributed electronically / Total number of reports distributed) * 100	Customer	20	A
<b>Application Management Services</b>						
<b>Interfaces Supported</b>						
Level II: AM-9	Interfaces-to-Clients Ratio	The number of separate and distinct interfaces maintained, expressed as a proportion to the number of clients per SSC.	Count of separate and distinct interfaces / Number of clients	Flexibility/Service	4	A
Level II: AM-10	Response time to payroll inquiries	Average Cycle Time for payroll inquiries	Sum of amount of cycle time per payroll inquiry / sum of number of payroll inquiries	Time	11	M
Level II: AM-11	Response time to travel inquiries	Average Cycle Time for travel inquiries	Sum of amount of cycle time per travel inquiry / sum of number of travel inquiries	Time	11	M
<b>Business Process Services</b>						
<b>Transaction Processing - A/P</b>						
Level II: BP-1	Cost as a percent of revenue	The total annual Accounts Payable cost as a percent of overall revenue	Total annual Accounts Payable cost divided by revenue * 100	Cost	29, 32	A
Level II: BP-2	FTE's per billion in revenue	Accounts Payable FTEs per \$ Billion in revenue on an annual basis	Numerical count of Accounts Payable FTEs per \$ Billion in revenue on an annual basis	Cost	29, 32	A

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: BP-3	Quality - % of Accounts Payable transactions containing errors	% of Accounts Payable transactions containing errors relative to total number of transactions	Number of Accounts Payable transactions containing errors divided by total transactions * 100	Quality	29, 32	M
Level II: BP-4	Cycle time - business days in processing accounts payable	Cycle time - Business days in processing Accounts Payable to determine the average number of days required for processing invoices	Cycle time - Accumulation of business days in processing Accounts Payable for each invoice divided by the total number of invoices processed	Time	29, 32	M
Level II: BP-5	Flexibility - % of payments made electronically to suppliers	Flexibility - % of payments made electronically to suppliers relative to total number of payments	Flexibility - number of payments made electronically to suppliers divided by total number of payments made * 100	Flexibility/Service	29, 32	M
<b>Transaction Processing - A/R</b>						
Level II: BP-6	Cost as a percent of revenue	The total annual Accounts Receivable cost as a percent of overall revenue	Total annual Accounts Receivable cost divided by revenue * 100	Cost	29, 31	A
Level II: BP-7	FTE's per billion in revenue	Accounts Receivable FTEs per \$ Billion in revenue on an annual basis	Numerical count of Accounts Receivable FTEs per \$ Billion in revenue on an annual basis	Cost	29, 31	A
Level II: BP-8	Quality - % of Accounts Receivable transactions containing errors	% of Accounts Receivable transactions containing errors relative to total number of receivables processed	Total number of Accounts Receivable errors divided by the total number of invoice transactions * 100	Quality	29, 31	M
Level II: BP-9	Cycle time - Days Receivables Outstanding	Cycle time - Average time required in days for Accounts Receivable to be processed	Cycle time - Accumulation of business days required to process each invoice summed and divided by the total number of invoices processed	Time	29, 31	M
Level II: BP-10	Flexibility - % of invoices sent to customers electronically	Flexibility - % of invoices sent to customers electronically relative to total number of invoices processed	Flexibility - Total number of invoices sent to customers electronically divided by number of invoices sent to customers * 100	Flexibility/Service	29, 31	M
<b>Transaction Processing - Reports</b>						

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: BP-11	Cost as a percent of revenue	General Accounting and External Reporting cost as a percent of overall revenue on an annual basis.	General Accounting and External Reporting cost divided by revenue on an annual basis * 100	Cost	27, 29	A
Level II: BP-12	FTE's per billion in revenue	General Accounting and External Reporting FTEs per \$ Billion in revenue or funds allocated on an annual basis	General Accounting and External Reporting cost divided by revenue or funds allocated on an annual basis * 100	Cost	27, 29	A
Level II: BP-13	Cycle time - % of companies that close their books within 3 days	Cycle time - % of companies that close their books within 3 days on a monthly basis	Cycle time - determination of time devoted to closing books in days on monthly basis	Time	27, 29	M
Level II: BP-14	Cycle Time - Business Days to Close	Cycle Time - Business days to close the books	Number of business days required to close the books	Time	27, 29	M
Level II: BP-15	Cycle Time - Business Days to Report after Close	Cycle Time - Business days to report after closing the books	Number of business days to report after closing the books	Time	27, 29	M
<b>Transaction Processing - Funds</b>						
Level II: BP-16	Cost as a percent of revenue	The total annual Budgetary Resource Management cost as a percent of overall revenue	Total annual Budgetary Resource Management cost divided by revenue * 100	Cost	28, 29	A
Level II: BP-17	FTE's per billion in revenue	Budgetary Resource Management FTEs per \$ Billion in revenue on an annual basis	Numerical count of Budgetary Resource Management FTEs per \$ Billion in revenue on an annual basis	Cost	28, 29	A
Level II: BP-18	Cycle time - days to complete budget	Cycle Time - number of days required to complete budget (Budget Planning, Budget Preparation, Budget Authority and Funds Distribution)	Total days required to complete budget (Budget Planning, Budget Preparation, Budget Authority and Funds Distribution)	Time	28, 29	A
Level II: BP-19	Cycle Time - number of budget iterations	Cycle Time - number of times required to re-do complete budget (Budget Planning, Budget Preparation, Budget Authority and Funds Distribution)	Accumulation of number of times for re-submittal of budget	Time	28, 29	A

Metric ID	Metric Name	Metric Definition	Formula/Calculation	Performance Category	Source #	Metric Interval
Level II: BP-20	Flexibility - % of cost centers that enter budget information on-line	Flexibility - % of cost centers that enter budget information on-line	Flexibility - Number of cost centers that enter budget information on-line relative to number of cost centers * 100	Flexibility/Service	28, 29	A
Level II: BP-21	Flexibility - % of operations managers who can access budget reports online	Flexibility - % of operations managers who can access budget reports online	Flexibility - % of operations managers who can access budget reports online	Flexibility/Service	28, 29	A