

The Bulletin

Our Vision: “To be universally recognized for Human Resources excellence and as a premier employer”



Long-term Financial Ecosystem



How are we bringing HR and Finance together to add business value?

FINANCE SITUATION

Financials provide insight to safeguarding the assets of the HR Department (HRD) by developing, implementing and monitoring policies and systems that focuses on reducing costs, improving efficiency and accuracy. The financial strategy plays an important role in HRD's initiatives. Financials ensure compliance with sound accounting and financial management principles as required by internal and external policies and regulations. Financials will also establish prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome.

Business Value

By establishing a financial framework supporting HRD's strategies, policies and in which financial performance can be measured against, enable HRD to become financially sound and responsible. This will allow HRD to meet the objectives of our members by ensuring resources are managed in the most effective manner.



Business Value and Economics

Unifying HR with Financial Management in the Cloud

We plan to achieve that by analyzing and sharpening the following dimensions:

- Cost elasticity distribution
- Investments for projects
- Financials
- Legal relations
- Manage within targets (no over budget process)
- Maximization of resources
- Asset protection

Public finance is the field of economics that deals with budgeting the revenues and expenditures of a public sector entity, usually government. The subject addresses such matters as tax incidence, cost-benefit analysis of government programs, effects on economic efficiency and income distribution of different kinds of spending and taxes, and fiscal politics. The economics seek to identify what economies ought to be.

FINANCIAL VALUE HIGHLIGHTS

HRD is focused on ensuring the financial stability of HRD's future is supported by great programs supported by people, tools, and services

- We can achieve the financial stability of HRD by introducing cost elasticity distribution,

magnifying financials, and enforcing asset protection.

- Introducing a cost strategy and rating assessments to ensure we are hitting predetermined marks
- By defining the platform, we will identify next steps, take an in-depth look at our current situation, and determine the proposed platform approach
- Systematic innovation begins with the analysis of HRD's current situation and initiate analysis of the sources for identification of new opportunities

In the City of Houston – HR Finance continues to address funding issues related to fiscal year budgets that often impact and result in the reduction of programs, section growth and services. To meet these challenges, HRD is becoming more and more interdependent, including cooperating to deliver services.

The goal is to transform HR from a largely tactical and administrative function to a more strategic operation, providing value closer to the business unit level in areas such as human asset management, training and learning, compensation planning,

succession planning, goal alignment, pay-for-performance, workforce analytics.

PILLARS OF THE STRATEGIC PLAN

The pillars pictured on this page represent the four key areas where we must excel in order to achieve our collective vision. For each pillar, we have identified dimensions toward which we will have a focused approach.

Each dimension is then followed by examples of the specific strategies, initiatives and outcomes that will drive success for each area. Our ability to achieve these goals will depend on the collaborative support and effort of every member of our organization.



Methodology

OUR APPROACH

Strategy Model & Process

By introducing a financial model to HRD, we stand to retain a cost savings equating to millions of dollars over the span of our strategic plan time horizon. The financial model (pictured on the right) best illustrates the approach to revolutionize our financial standing in the following areas:

- Cost Strategy
- Rating Assessment
- Operational Requirements
- Grants and Fees
- Reserve Funds
- Asset Management
- Funding for Projects

The **Long-term Financial Ecosystem** model represents a comprehensive approach to document and integration of the various strategies (financial and other) of HRD. The development of the long-term financial projections represents the output of key strategy areas, that when combined, produce the financial direction of HRD.

Six Dimensions of Public Financial Management

1. Budget credibility

- Is the budget realistic and implemented as intended?

2. Comprehensiveness and transparency

- Are the budget and fiscal risk oversight comprehensive?
- Is fiscal and budget information accessible to the public?

3. Policy-based budgeting

- Is the budget prepared with

due regard to government policy?

4. External Scrutiny and audit

- Are there effective arrangements for scrutiny of public finances and follow up by executives?

5. Accounting, recording and reporting

- Are adequate records and information produced, maintained and disseminated to meet decision-making, control management and reporting?

6. Predictability and control in budget execution

- Is the budget implemented in a predictable manner and are control and stewardship exercised in the collection and use of public funds?

Five Principles of Financial Management (PFM)

Five principles have emerged that reflect good practice in PFM work. PFM, reflected throughout the following guidance, are:

1. PFM work should facilitate and

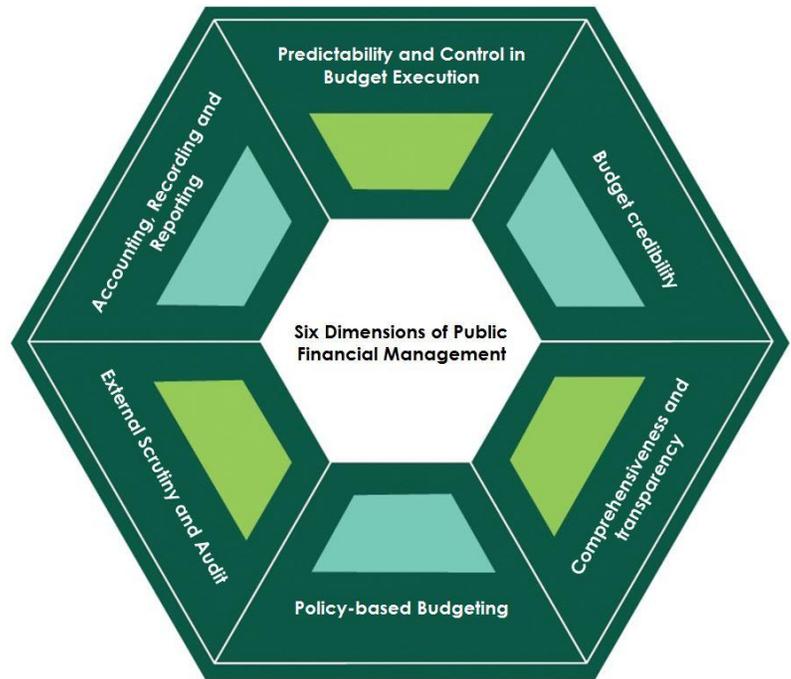
encourage HRD leadership in setting/managing strategy and action plans.

2. PFM diagnostic work should be conducted in an integrated and coordinated manner, drawing upon the distinct competencies of the PFM HRD team and other contributors.

3. PFM work should be weighted toward supporting and serving the various divisions of HRD.

4. PFM strategic work should be framed within a multi-year horizon, sequenced around agreed priorities, and built upon a coordinated activity based approach.

5. PFM work should be linked to a robust monitoring and evaluation framework that clearly articulates the gains in HRD's system performance.



Current HR Initiatives

(Continued)

WORKFORCE

Communications

- Complete cycle of customer satisfaction within designated timeframe; which includes responding to initial requests within 24 business hours, and overall customer satisfaction survey results of "Exceeds Expectations" or higher

INNOVATION

HR Financial & Accounting Management

- The HR Financial & Accounting Management team develops and distributes information through the Internet/Intranet, Email, meetings and training sessions.
- Utilize SharePoint to improve communications within division and department
- Retiree chargebacks automation

FINANCE

Compensation & Records Administration

Promote sound financial management by developing a proposal to reduce the number of HR Department boxes stored at HCDE that have met their retention period

- Work with each department to review, update the classification scheme

HR Financial & Accounting Management

- Update City salary structure by applying information received from Total Compensation Study
- Identify repeater reports needed for Department Heads, Mayor, sub-committees, and committees of the City Council
- HRFAM Rebranding
- Attend SAP business objects training
- Continue cross-training and develop personal development plans for team members
- Train HRFAM members to access and modify HRFAM SharePoint site
- Develop HRFAM training academy: (i.e. Contracts, OA, and budget classes, SAP training).
- Review automation of WC's projections
- Purchase and implement new Temporary Employee Services Program (TESP) online software program for monitoring citywide program.
- Migrate WC reports to iDashboard
- Review automation of HB's projections



Develop a TESP "toolbox" for all users of the new software program in order to improve processing department's temporary employee needs

- Eligibility reconciliation process & documentation
- HB vendor financial review of claims adjudication process in order to ensure that proper controls are in place
- Establish HRFAM monthly financial meeting to discuss monthly reports/ activities
- Pursue HR's citywide payroll approval transfer to ARA or Controllers office
- Prepare procedures to analyze all major purchase decisions including cost-benefit analysis

RISK MANAGEMENT

HR Operations

- Austerity measures & documentations (ideas on how to reduce the deficit gap)

Employee & Labor Relations

- Continue to track TPIA requests; ADA issues/cases; training; Civil Service activities; and grievances.

Execution

HRD will address the needs of public financial management by enhancing our financial management system currently used to oversee and govern income, expenses, and assets with the objectives of maximizing cost control and ensuring sustainability by accurately reporting those data points to ensure goals are met and budgets are kept. Effective financial management system will improve short- and long-term business performance by streamlining invoicing and bill collection, eliminating accounting errors, minimizing record-keeping redundancy, ensuring compliance with tax and accounting regulations, helping talent to quantify budget planning, and offering flexibility and expandability to accommodate change and growth. By utilizing the platform approach which aims to implement a package of measures or activities designed to achieve increasing levels ('platforms') of PFMA competence over a manageable timeframe.

OUR STRATEGY

Six Key Steps for Implementing the Platform Approach (Steps 3-5 are iterative)

1. Defining the platforms
 - o Identify the objectives of each platform in terms of the step change in PFMA performance it seeks to achieve, bearing in mind how it builds on either
 - i. The current situation (initial platforming)
 - ii. Previous platforms
2. Assess the current position
 - o Make an assessment of the current position of the organization against the objectives identified in the previous stage
 - o Understand existing costs, issues, and constraints in order to make an assessment of what is realistic and achievable
3. Identify measures to implementation
 - o Identify a "long list" of potential measures to help strengthen the current situation. Measures should consist of:
 - i. Specific actions
 - ii. Early and defined outcomes
 - o Measures should be focused on the "here and now"
4. Assess measures against criteria
 - o Assess measures to text appropriateness against:
 - i. Realistic
 - ii. Sustainable
 - iii. Self-contained
 - iv. Consideration of existing capacity/systems
 - v. Coherent package
 - vi. Minimize resource leakage
 - vii. Improve transparency
 - viii. Platform for development
5. Select and consolidate
 - o Select specific measures considering the following:
 - i. How do measures complement each other?
 - ii. How do measures enable the platform and objectives to be achieved?
 - iii. What is the capacity to implement and maintain the measures?

6. Assess overall strength of platform

- o Assess overall strength of the platform created, to test the robustness of the overall proposal. Consider the following:
 - i. How achievements will be assessed
 - ii. The threats to the integrity of the platform; and
 - iii. Measures to reduce those threats

OUR OUTCOMES

Service Delivery

Applying Technology and Process Architecture

- Reduced Cost and Complexity
 - o Lower and more predictable costs than traditional on-premise solutions
 - o Ability to allocate IT resources to more strategic projects
 - o Reduced liability and risk
- An Optimized Workforce
 - o Complete inventory of the skills and capabilities of the workforce to optimize productivity
 - o Improved ability to identify and reward top talent
 - o Alignment of talent with strategic priorities
- Process Efficiency and Agility
 - o A foundation for shared services with a true, multi-tenant cloud platform, which allows governments to standardize processes while configuring locally

Audit & Control

Performance Management

- Effective controls of the budget totals and management of fiscal risks contribute to maintain aggregate fiscal discipline.
- Planning and executing the budget in line with government priorities contributes to implementation of government's objectives.
- Managing the use of budgeted resources contributes to efficient service delivery and value for money



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