Introduction to Public Sector Benefits Administration—Day 2

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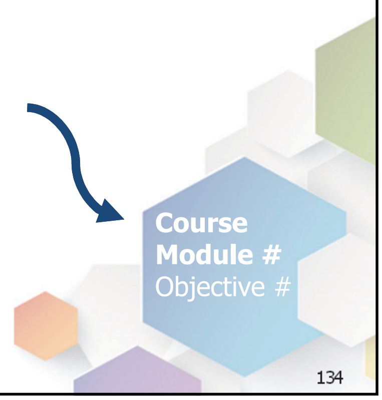
The CEBS Program

The International Foundation's highest educational achievement is its Certified Employee Benefits Specialist (CEBS) designation.

The program comprises five self-study courses (each with an exam) that provide deep technical knowledge of employee benefits.

While the program is intense, its content should not intimidate anyone interested in employee benefits. The CEBS icon in the corner of some slides indicates that the following topics overlap with CEBS content



Introduction to Public Sector Benefits Administration

- Day Two agenda
  - Questions and review from day one
  - Benchmarking and Performance Measurement
  - Public Contracting and Procurement
  - Project Management
  - Implementing Technology in the Public Sector
  - Developing a Business Continuity or Disaster Recovery Plan
  - Ethics in the Public Sector
  - Case Study

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Introduction to Public Sector Benefits Administration

- Quick review—Day 1
  - Any questions or issues from day one?
  - Public Sector Structure
  - Government Budgeting and Finance
  - Federal Legal and Regulatory Requirements
  - Navigating the Political Landscape
  - Strategic Planning
  - Demographics in the Public Sector
  - Human Resources Strategies

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Benchmarking and Performance Measurement

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Benchmarking and Performance Measurement

- What are they and why use them?

Benchmarking
- Readiness
- Objectives
- Common Mistakes
- Ethics

Performance Measurement
- Developing good measures
- Lifecycle challenges, and limitations
- Types of performance measures

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What Is Benchmarking?

- **Benchmarking** is comparing your organization's business processes and performance metrics to industry bests and
  best practices from other companies
- At its core, it is the concept of learning and sharing

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Why Use Benchmarking?

- It helps organizations focus on significant improvements rather than incremental improvements and helps identify real-life targets
- Benchmarking provides a measurement system
- Figuring out what to benchmark moves you to measure your own processes

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What Is Performance Measurement and Management?

- **Performance measurement** is the process of developing and using meaningful and objective indicators that can be systematically tracked to assess progress made in achieving predetermined goals
- **Performance management** is expected as a part of a manager's job to use data to drive decision making and improvements

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Group Discussion

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Measure Your Organization's Readiness for . . . Benchmarking

- Does your CEO/COO show personal leadership?
- Do you have a culture of openness and trust?
- Do you have agreement on basic assumptions?
- Is there a commitment to evaluation?
- Are resources for measurement available?
- Is there a commitment to applications of results?

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Define Your Objectives

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Common Benchmarking Mistakes

- Lack of leadership and underestimating time commitment
- Picking the wrong people for your benchmarking team and too many people on the team
- Failing to consider the long-term objectives
- Teams taking on too much, and collecting too much data, not understanding how data will be used
- Focusing on numerical targets rather than processes
- Making benchmarking an absolute standard

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Ethics of Benchmarking

- Obey the law!
- Be prepared from the start
- Be willing to give the same information you want
- Respect confidentiality
- Follow the chain of command
- Be honest

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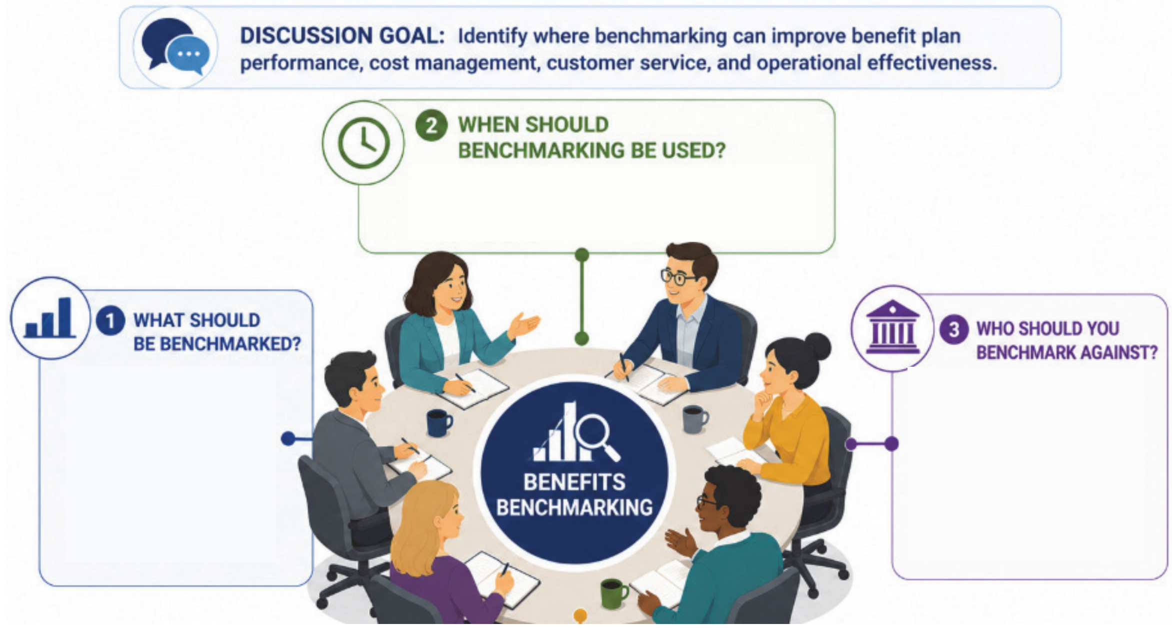
Group Discussion



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Performance Measurement (Reminder)

- **Performance measurement** is the process of developing and using meaningful and objective indicators that can be systematically tracked to assess progress made in achieving predetermined goals

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Why Measure Performance?

- Performance measures show the progress towards goals and objectives
- Performance measures help decision makers refine strategies and improve results
- Performance measures help build support for programs
- Performance measures help managers deliver expected results (what gets measured, gets managed)

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Good Performance Measures

Should be:

Meaningful

Clear

Consistent

Avoid perverse incentives

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Developing Performance Measures

Thoughtful questions lead to meaningful measures that drive better outcomes.

1. PROGRAM GOALS

What is the purpose or goal of the program?

- Clarify the program's mission and the outcomes it aims to achieve.

2. CUSTOMER FOCUS

Who are the customers or beneficiaries?

- Identify those the program serves and understand their needs.

3. VALUE DELIVERED

What aspects of the program performance are valued by customers?

- Determine what matters most to customers and what success looks like from their perspective.

4. RESULTS MEASURED

How can you explain numerically what the program accomplished?

- Use measurable data to quantify results and demonstrate impact.

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Performance Measurement Lifecycle

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Challenges

- You can't measure what I do
- The measures aren't fair because I don't have control over the outcome or impact
- It will invite unfair comparisons
- The data will be used against the program
- We don't have the data
- We don't have staff resources to collect the data

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Limitations of Performance Data

- Data do not, by themselves, tell you ***WHY*** the outcomes occurred
- Some outcomes cannot be measured directly
- Performance data are only ***PART*** of the information managers and elected officials need to make decisions

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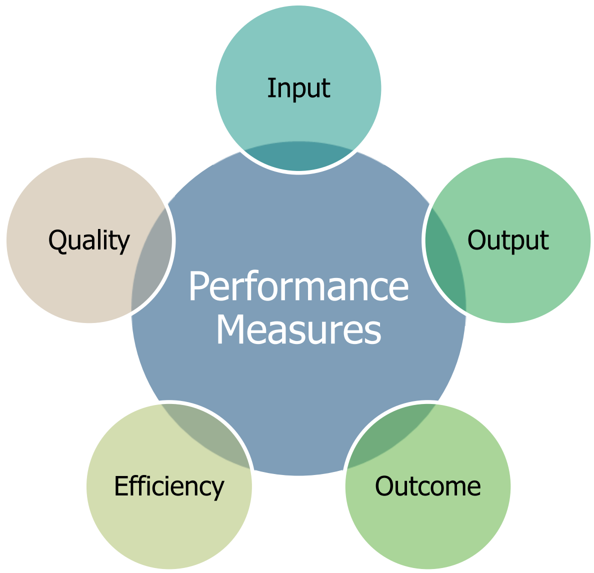
Types of Performance Measures



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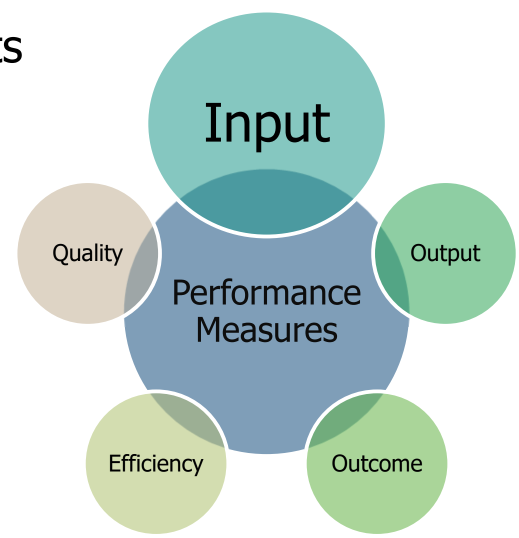
Input Indicators

Input indicators describe amounts of available resources for a specific service or program

Examples:

- Number of staff
- Number of covered lives



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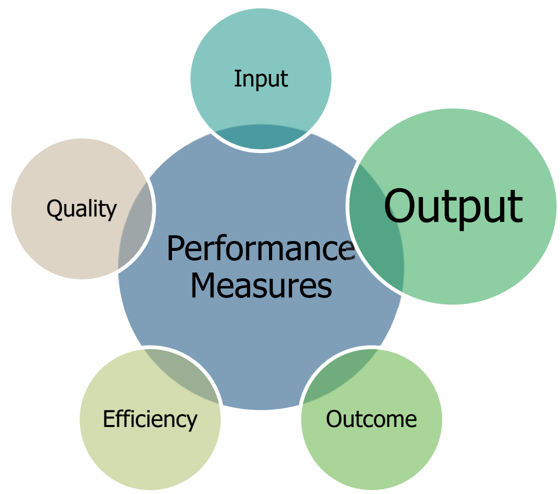
Output Indicators

Output indicators report the number of units produced or services provided

Examples:

- Number of treatment episodes delivered
- Number of sick days used by employees
- Number of vaccinations given to children



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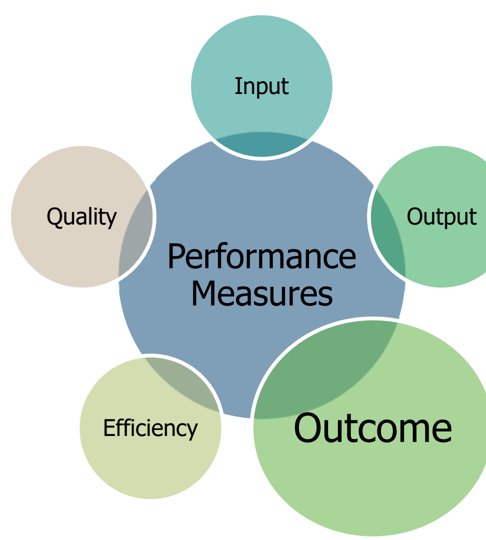
Outcome Indicators

Outcome indicators report the results of providing a service

Examples:

- Percent reduction of chronic conditions
- Reduction in incidence of disease (rates)
- Increased employee morale



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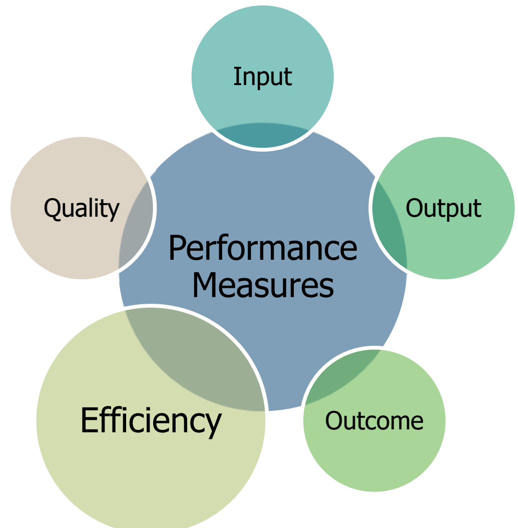
Efficiency Indicators

The two types of efficiency indicators examine how effectively a program is performing by measuring resources consumed per unit of output

- Simple efficiency indicators focus on the ratio of outputs to the dollar cost of output production. For example, “cost per client visit”
- Productivity measures focus on rate of output per unit of input. For example, “number of clients seen per hour, per provider”



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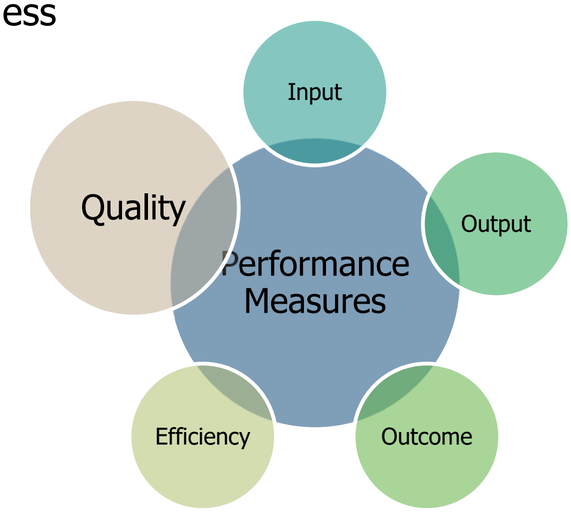
Quality Indicators

Quality indicators measure effectiveness in meeting the expectations of customers and stakeholders

Examples:

- Percent of reports that are error free
- Percent of records entered accurately in a data system
- Percent of customers that rank service as exceeding their expectation



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Performance Measurement—Benefit Examples

- Performance Standards
  - Defines expectations for services and performance
  - Assists customers in achieving desired levels of service
  - Assists benefits provider in understanding expectations and developing strategies to meet standards
- Performance Guarantees
  - Establishes tangible incentives for providers to meet standards
  - If provider fails to meet standard, they must pay financial penalties
  - Goal is not for the organization to make money, but rather for the provider to meet the standards, and customer needs to be met

Performance Measurement—Small Group Exercise

Public Contracting and Procurement

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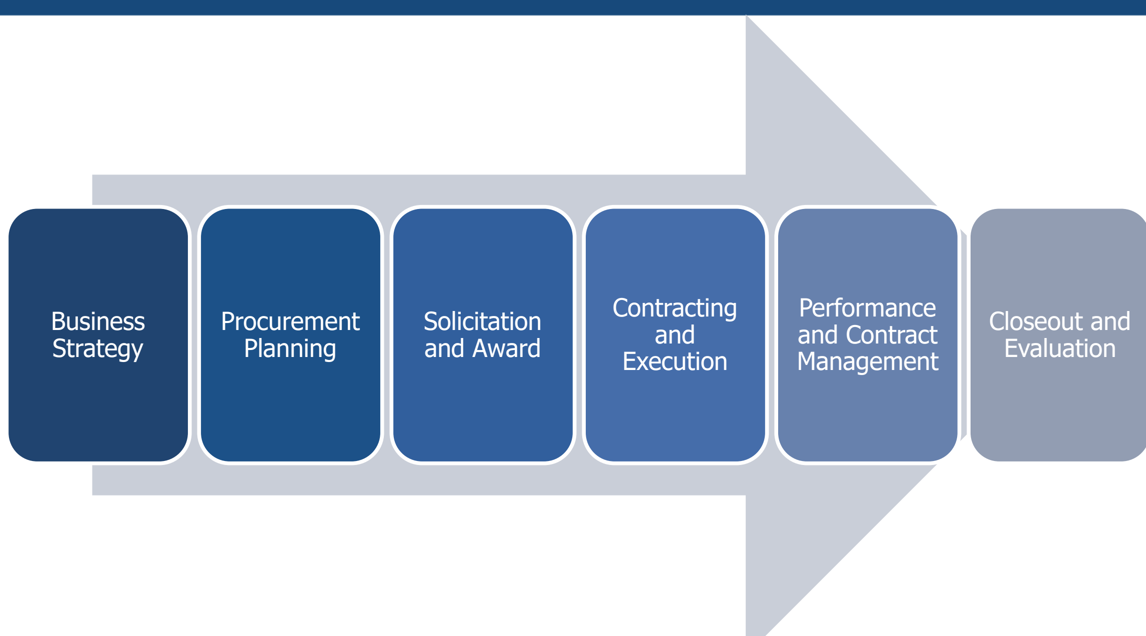
Public Sector Procurement Process



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Why Solicit Competitive Proposals?

- Informs Suppliers
- Identifies requirements
- Alerts suppliers of a competitive process
- Allows for wide distribution
- Ensures suppliers respond factually
- Transparent, structured evaluation and selection procedures

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Sourcing

- Similarities in common competitive approaches:
  - Informal Quotes
  - Requests for Proposals
  - Best and Final Offer
- Differences in process
  - Bidding rules differ widely
  - Common issues: Responsive bids, confidentiality
- Growth in state/local cooperative procurements

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Procurement in Practice—Example Guide

Agency procurement guide—how to procure goods and services

TriP$= procurement system

ICE = independent cost estimate

$25k - $250k	GOODS	ALL SERVICES
	Request for Quotes (RFQ) 1) Develop Specifications and 2) Develop ICE 3) Identify potential vendors (no quotes) 4) Submit Solicitation Request in TriP$	**Request for Informal Proposals (RFIP)** 1) Develop Scope 2) Develop ICE 3) Identify potential vendors (no quotes) 4) Submit Solicitation Request in TriP$
	← Processing time: 10-25+ Working days →	

Over $250k	GOODS	ALL SERVICES
	Invitation to Bid (ITB) 1) Develop Specifications and ICE 2) Identify potential vendors (no quotes) 3) Submit Solicitation Request in TriP$ 4) Over $2M requires Board approval	**Request for Proposals (RFP)** 1) Develop Scope and ICE 2) Identify potential vendors (no quotes) 3) Submit Solicitation Request in TriP$ 4) Over $2M requires Board approval
	← Processing time: 40-70+ Working days →	

All Values	NON-COMPETITIVE PURCHASING		
	Special Procurements Direct purchase from OEM, brand name or equal, warranty services, art, memberships, advertising, copyrighted materials	**Sole Source** Only available from *one* potential vendor; limited to 2 years; requires public notice	**Emergency** Requires declaration of emergency circumstances that threaten life or property that could not be foreseen
	Start with a Solicitation Exemption Request		

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Public Procurement Lifecycle

Plan	Prepare	Procure	Manage
• Identify need • In-house vs. Outsource • Stakeholder Team	• Scope of Work • Responsibilities • Draft RFP	• Solicitation • Evaluation • Negotiate and award • Approvals	• Implement • Performance monitoring • Close-out and review

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Understand the Current State Before Issuing an RFP

- A successful procurement starts with a thorough understanding of existing services, costs, participants and governance.
- Supports the business need, opportunities for improvement and ensures the RFP solicits the right solutions and services.
- Consider alternatives depending on anticipated spending and availability of cooperative procurements

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Before the RFP

- Consider issuing a "Request for Disclosure"
- Current benefits provider is asked to disclose all elements of their work, including

All services provided	All fees, charges, expenses
Current participation	Participant demographics
Administrative support	Existing contracts
Participant services, including counseling and education	Plan Document and governance materials
Investments, including quality and fund objectives	Investment historical performance and returns

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Identify the Business Need

Investment Advisory Services for Retirement Plans RFP Example

- Support oversight of pension trust assets
- Assist Trustees with investment decisions
- Monitor investment manager performance
- Provide independent fiduciary guidance
- Deliver trustee education and industry expertise

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In-House vs. Outsource

Investment Advisory Services for Retirement Plans RFP Example

- External expertise for asset allocation studies
- Investment manager searches
- Performance measurement
- Fiduciary consulting and trustee education

Conclusion: Specialized investment advisory services required beyond our internal resources

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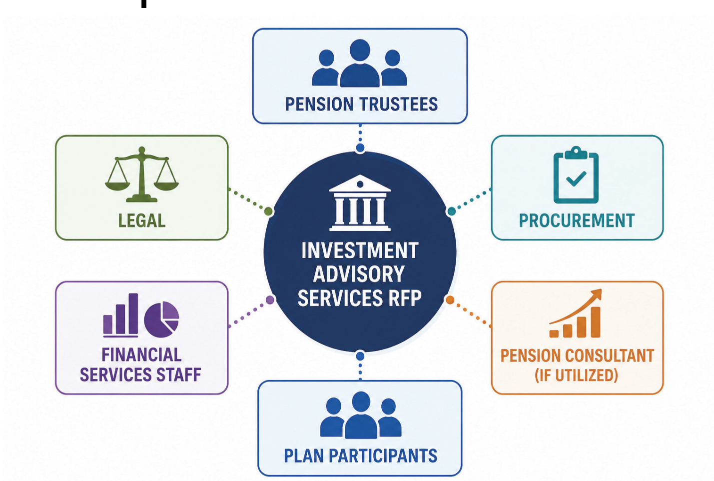
Stakeholder Team and Responsibility

Stakeholder	Responsibility
Program Decision Makers, Operating Staff, Subject Matter Experts (SME)	Identify business objectives, operational needs and requirements
Procurement Staff	RFP Administration and compliance
Internal Partners	Experts on IT, HR, Benefits, Payroll
Legal Counsel	Contract review, regulatory matters
Budget Staff	Verify funding, financial impacts
Outside Experts / Consultants	Specialized and technical expertise
Executive Leadership	Provide strategic direction and approvals
Governing Board	Final contract approval and award

Stakeholder Team and Responsibility

Investment Advisory Services for Retirement Plans RFP Example



Develop Requirements (SOW)

Proposal format requirements	• Electronic, hard copy, defined format
Scoring and evaluation criteria	• Identify criteria with maximum possible points
Budget	• Specific amount, range, or not disclosed
Timeline	• When do you expect the project milestones to be completed?
Contact information	• For both requestor and bidder
Deadline for submission of proposals	• Specific-no flexibility

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Develop Requirements (SOW)

Well defined scope of work sets expectations:

- Define the role of the organization and role of successful proposer
- Identify specific requirements to be met
- Outline the project schedule and timeline
- Determine acceptance criteria
- Describe training, transition implementation and ongoing support requirements

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Develop Requirements (SOW)

- Overview of your organization
- Project description, goals and objectives
  - What do you intend to accomplish?
  - Short- and long-term goals
- Technical requirements
  - Platform
  - Security
- Functional requirements
  - What features and functionality do you expect?
    e.g., Forms, upload/download capability, custom functionality

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Develop Requirements (SOW)

Evaluating the Organization behind the proposal

Financial Strength	Industry Experience	Organization and Team	Clients and Reputation	Legal and Compliance
Ownership structure	Years in business	Number of employees	Customer base	Litigation history
Financial Condition	Relevant expertise	Qualifications of team	Client retention	Regulatory actions
Sustainability	Public sector experience	Depth of resources	References	Conflicts of interest

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Develop Requirements (SOW)

Investment Advisory Services for Retirement Plans RFP Example

- Investment Performance Monitoring and Reporting
- Investment Manager Searches
- Asset Allocation Studies
- Fiduciary Guidance and Trustee Education
- Support to the annual external audit as it relates to pension note information

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Scoring and Evaluation Criteria

Project Management Institute (PMI) selection criteria and weighted value:

Criteria	Weighting
Understanding of the work	30%
Qualifications and experience of project team	20%
Technical approach	20%
Cost	20%
Expected outcomes and value added services	10%

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Scoring and Evaluation Criteria

- Evaluation team independently reviews and scores proposals
- Proposals are evaluated using established criteria and weighting
- Procurement oversees the process to ensure fairness, consistency and integrity
- Highest ranked proposer advances to interviews and finalist consideration

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Scoring and Evaluation Criteria

Investment Advisory Services for Retirement Plans RFP Example—Scoring Criteria:

Rating	Firm Qualifications (35 points)	Understanding of Work (40 points)	Characteristics
Excellent	32 – 35	36 – 40	Extensive detail, thorough understanding, many strengths
Good	28 – 31	32 – 35	Adequate detail, solid understanding, low risk
Acceptable	25 –27	28 –31	Minimal detail, moderate risk
Marginal	21 – 24	24 – 27	Limited understanding, high risk
Unacceptable	< 20	< 23	Errors, omissions, high risk

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Issue the RFP—Reaching the Market and Protecting the Process

Maximize Competition

- Cast a wide net
- Leverage professional associations and industry networks
- Reach qualified vendors with relevant experience
- Competition often improves innovation, quality and value

Maintain Process Integrity

- Establish a single point of contact for communication
- Direct all questions through the procurement process
- Avoid discussions with proposers outside authorized channels
- Remind leadership, trustees and elected officials to avoid individual communications regarding the solicitation

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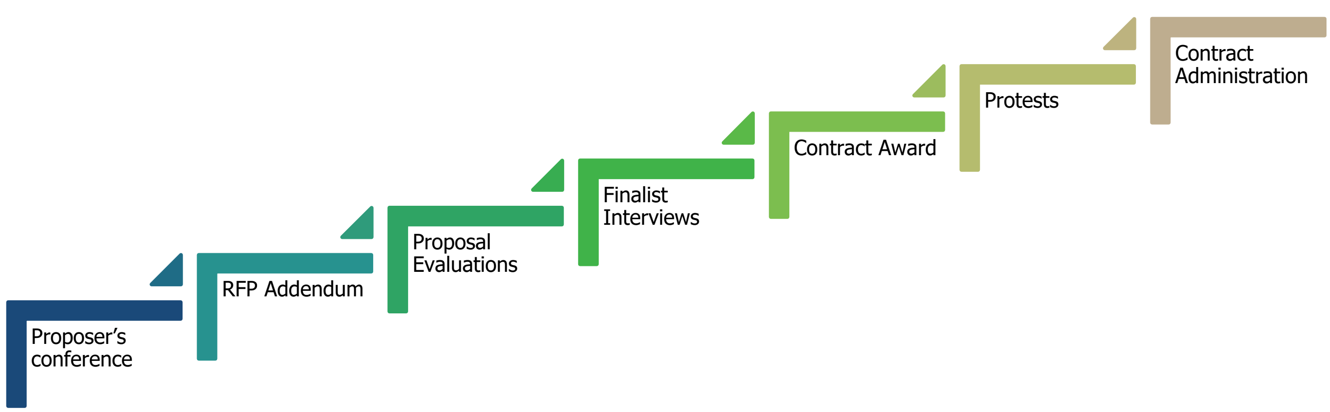
Steps After Issuing the RFP—Overview



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Proposer’s Conference

Provides a forum for potential proposers to gain a better understanding of the solicitation and ask clarifying questions

- Held after the RFP is issued
- Opportunity for proposers to ask questions
- Clarifies requirements, scope and expectations
- Ensures all proposers receive the same information
- May be mandatory or optional

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RFP Addendum

Communicates clarifications to all bidders from the proposer's conference.

- Issued after proposer’s conference
- Summarizes questions asked at conference, and provide answers
- Becomes part of the solicitation documents
- For mandatory conferences, only attending firms may be eligible to submit proposals

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Proposal Evaluations

- Evaluating proposals fairly and consistently.
- Proposals are evaluated independently using established criteria before group discussions.

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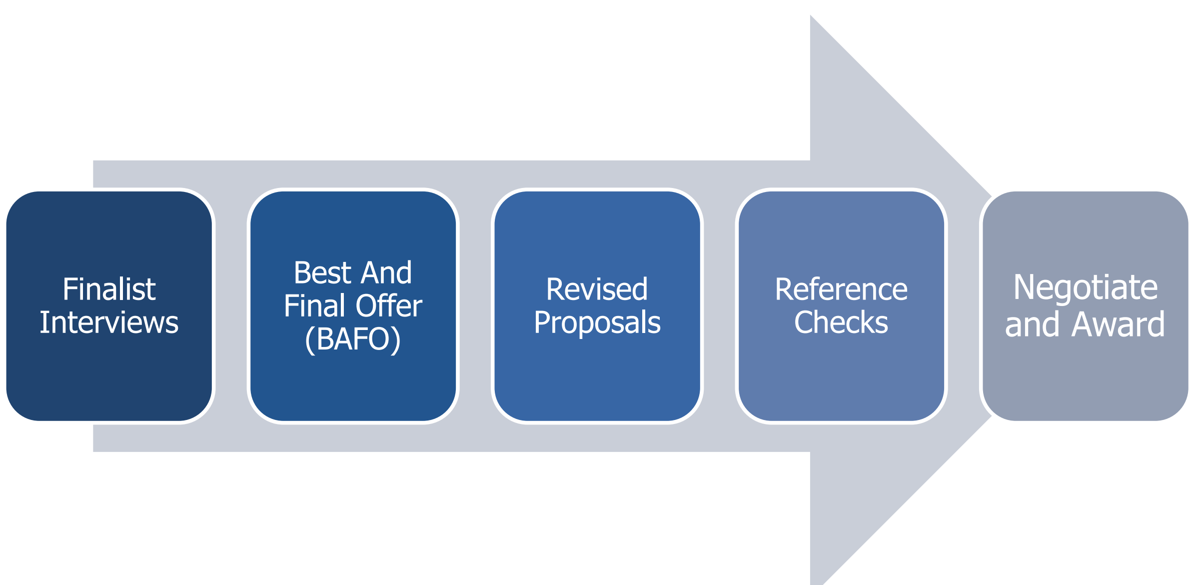
Final Selection Process



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Finalist Interviews

Finalist interviews should supplement, not replace, the written evaluation process.

- Invite top ranked firms
- Provide questions in advance
- Include key decision makers
- Clarify and compare
- Consider BAFO
- Document Commitments

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Checking References

- **Verify performance, value and customer experience before making a final decision**

- Conflict of interest
- General satisfaction
- Business value
- Implementation
- Customer support
- Former customers

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Contract Award, Negotiation and Finalization

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Responding to Procurement Protests

Unsuccessful proposers may challenge the procurement process or award recommendation

- Defend the Process
- Manage Stakeholder Concerns
- Demonstrate Fairness
- Documentation

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Protests in the RFP Process

- Clearly written, closely followed bid document is best defense against protests
- Bidders are usually entitled to review competing bids and RFP results within short period following award
- Competing bids may have to have certain elements redacted (*e.g.*, Proprietary client list)
- Loopholes or procedural errors may negate bid process
- Important to involve legal counsel from beginning of bid process, and immediately if a protest is received

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Protests in the RFP Process

- Bidders may involve elected officials, formally or informally
- Informing elected officials of potential problems before they occur is a good defense
- Demonstrate to elected officials that process was conducted objectively and according to established criteria and protocols
- Illustrate how the winning bid meets the desired outcomes better than other bids

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Contract Administration

Building expectations and managing performance

- Contract Owner/Program Decision Maker
- Establish Expectations
- Measure Performance
- Manage the Relationship
- Achieve Successful Outcomes

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Contract Administration

- Managing your vendors:
  - Dedicated staff
  - Contract specifications
  - Performance guarantees
  - Performance measures
  - Ongoing communications—Performance management
  - Regularly scheduled performance reviews
  - Customer feedback

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Contract Administration

- Program decision maker ultimately responsible for contract administration
- Contract should have clearly stated:
  - Statement of work
  - Performance expectations
  - Service deliverables
  - Project milestones
  - Payment terms
  - Periodic reviews of services provided
  - Consequences for non-performance

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Case Study: US Air Force Procurement Scandal

- Darleen Druyun
  - Second most senior U.S. Air Force procurement official
  - Leveraged negotiations for a $20 billion contract with Boeing for her employment at Boeing
  - Conviction: Nine months in prison, $5,000 fine and 150 hours of community service; Illegal conflict of interest

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Procurement Discussion Questions

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Project Management

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Project Management

- Definition
- Effective leadership
- A word about goals
- Waterfall vs. Agile
- Project scheduling
- Post project evaluation
- Project management resources

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Project Management Definition

- **Project management** is the process by which actions are planned, resources organized, and activities initiated and managed to achieve a specific goal or purpose, or to produce a specified deliverable

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The Effective Project Leader

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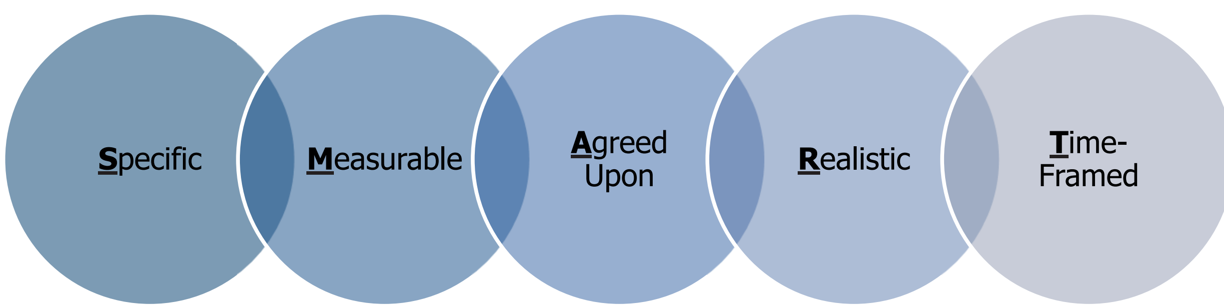
A Word About Goals



S.M.A.R.T.

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Waterfall vs. Agile

- **Waterfall**—Project is planned in a linear manner where each subsequent phase initiates after the last one ends
  - Useful for projects with clearly defined requirements and firmly set tasks and deadlines, and when more time is available for planning
- **Agile**—Divides work into sprints; It is a flexible, iterative design and build process that does not rely on a pre-planned process
  - Useful for projects with ambiguous end goals that may change course, have limited planning time available, or need to launch quickly

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Sample Project

Available at:

https://does.dc.gov/sites/default/files/dc/sites/does/page_content/attachments/UPLA%20Report_v12.pdf

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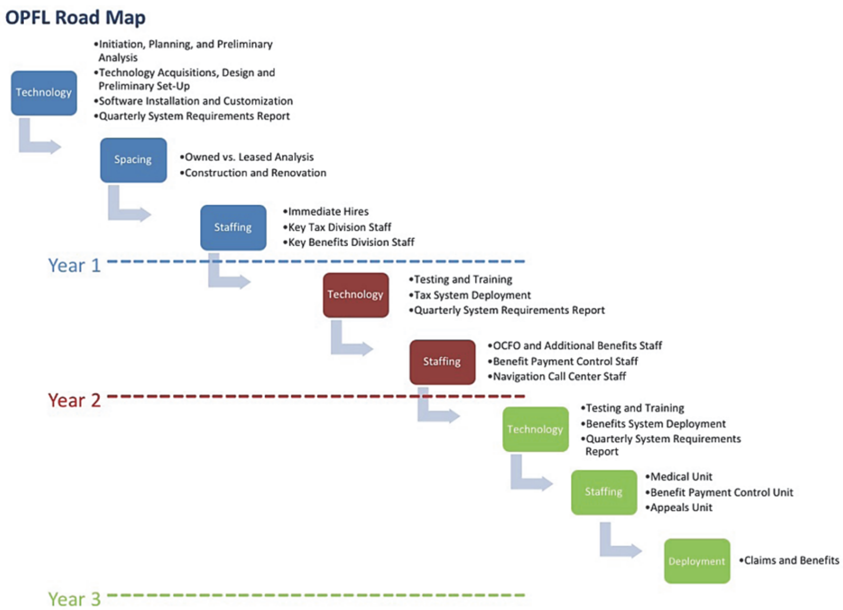
Project Plan Example



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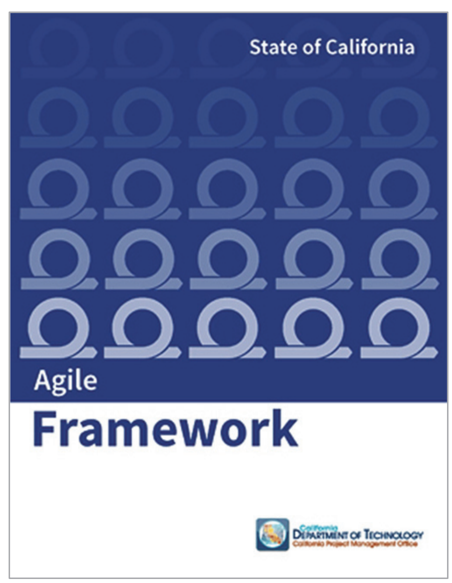
Sample Methodology

Available at:

https://projectresources.cdt.ca.gov/agile/



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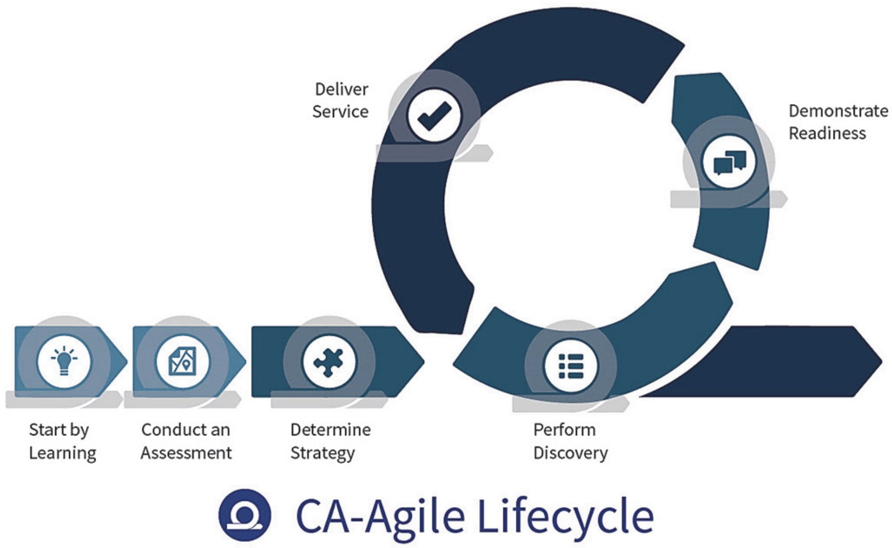
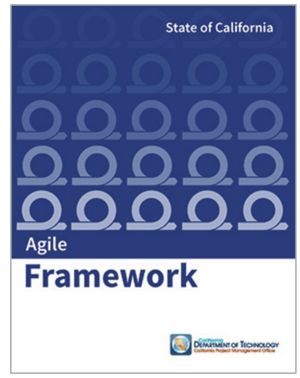
Agile Methodology Example





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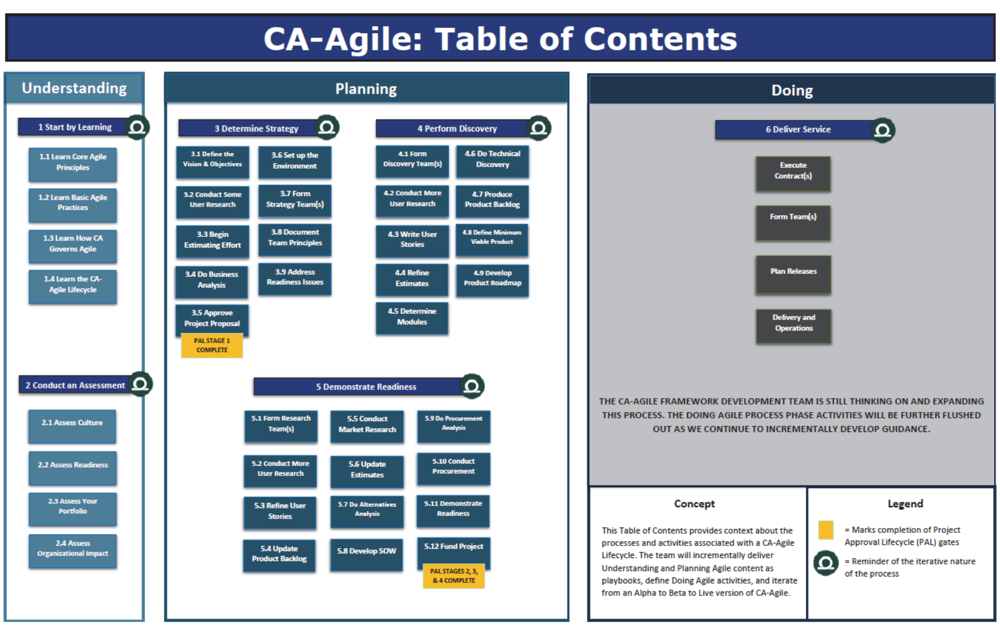
Agile Methodology Example



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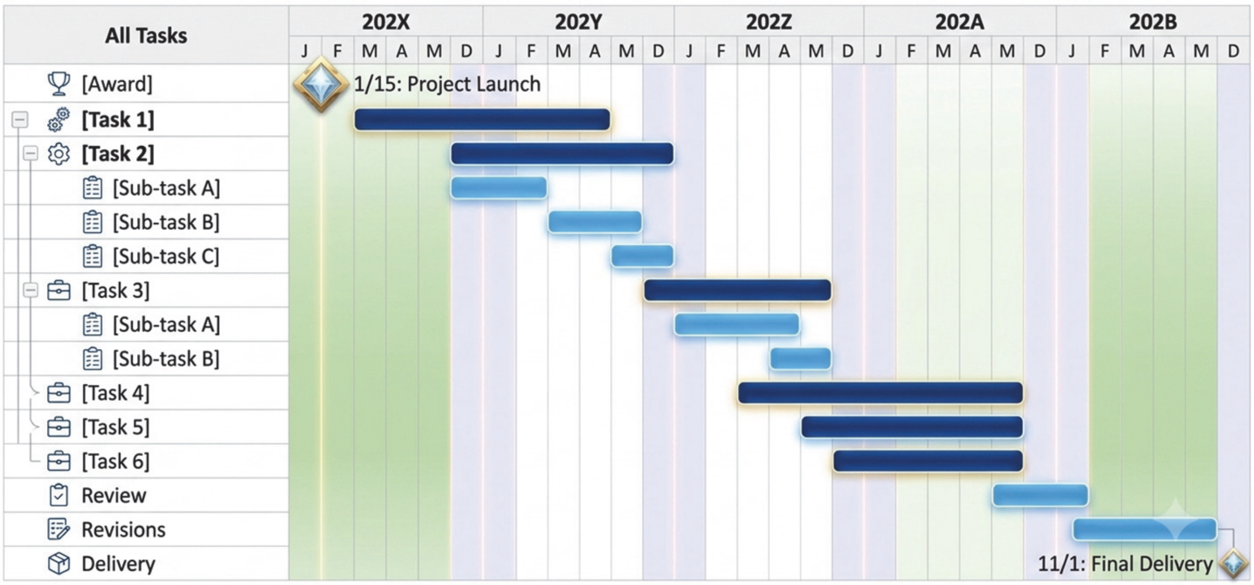
Gantt Example



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Ten Steps to Project Scheduling

1. Identify major tasks and milestones
2. Identify detail tasks required to achieve each major task
3. Estimate each task's duration
4. Identify dependencies
5. Assign resources

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Ten Steps to Project Scheduling *(continued)*

6. Build a complete project schedule
7. Estimate overall project budget
8. Document assumptions
9. Get schedule approval
10. Distribute information in accessible format

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Post Project Evaluation

- What went right and why?
- What went wrong and why?
- What contingency plans had to be implemented?
- What totally unexpected events impacted the project?
- How well did the project plans work to guide the project?
- How good was the communication about the project?
- How well did the project team perform as a team?

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Project Management

Celebrate!

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Project Management Resources

- Project Management Institute
  - www.pmi.org
- Free Management Library
  - http://managementhelp.org
- Reports and case studies on governmental application of Agile
  - https://www.gao.gov/assets/gao-20-590g.pdf
  - https://www.businessofgovernment.org/sites/default/files/Adopting%20Agile%20in%20State%20and%20Local%20Governments.pdf
  - https://www.businessofgovernment.org/sites/default/files/The%20Future%20of%20Agile%20Government_0.pdf

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Implementing Technology in the Public Sector

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Implementing Technology in the Public Sector

- Evaluation, Planning and Selection Steps
- Key Principles of Change Management
- Leading Causes of Project Failure

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Evaluation, Planning and Selection Steps

- Create top level value analysis
- Identify leadership
- Develop system inventory
- Business process mapping
- Define desired outcomes
- Define system requirements
- Issue RFP
- Evaluate proposals
- System demonstrations and evaluation
- Selecting successful bidder
- Change management

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1. Create Top Level Value Analysis

- One page analysis that will become ***project charter***
- Used by senior management to evaluate, prioritize and authorize project
- Includes:
  - Project name
  - Problem statement
    - What is the problem from a management perspective, and why should we care?
  - Potential savings $ or capability/efficiency increases
  - Resources required (staff, technical, customers, $)
  - Boundaries
  - Timeline
  - Fit to existing strategies or ability to scale solution

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2. Identify Leadership

- Project MUST have top leadership buy-in to succeed
- Identify top leaders at both organizational and business process levels
- Establish clear project governance roles for leaders
- Develop a staffing plan to ensure resource needs are addressed and certain operations can be back-filled

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3. Develop a System Inventory

- Include all current systems, primary and secondary—Including any systems that feed or upload/download to the primary system
- If systems upload/download to the primary system, will they be replaced or need to be upgraded? Will arrangements will need to be made with third parties?
- Include spreadsheets, databases, hard copy files or other sources that will connect to the new system

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4. Business Process Mapping

- Functional Requirements Assessment—Documents general and unique business process needs for the technology being acquired, from start to finish
- Creates a visual diagram of the process
  - Don't underestimate the value of a large conference room and color-coded sticky notes!
- Defines <u>actual</u> actions taken at each step
  - Critical that actual users participate, not theoretical users
- Establishes a common language
- Identifies decision points and different directions for each possible decision
- Reveals opportunities for business process improvement

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4. Business Process Mapping *(continued)*

- Identify which parts of the process are critical must haves, which are optional
- Identifies and assigns who is responsible for each step
  - Possible to have multiple or different responsible parties or customers at different points within the process
- Identifies value added steps—Or not!
- Result is to provide a blueprint for implementing the process

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4. Process Mapping—Types of Waste

- Duplication of effort
  - Is a process or function being performed at more than one step? By more than one person?
- Multiple corrections
  - If corrections are required—Even once—You may have a flaw in your process
- Multiple handling of information
- Unnecessary storage of information

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4. Process Mapping—Reducing Waste

- Process steps
  - Eliminate or combine duplicative steps
  - Rearrange or change order of steps
- Work methods
  - Can steps be standardized?
- Best practices
  - Look at your existing processes and consider modifying to match system

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5. Define Desired Outcomes

- Important to define what the outcomes of the project are
  - If you are looking to consolidate several independent HR systems into a central HR system that can tie into payroll, you probably want:
    - A central HR system that can accommodate existing staff plus an annual growth rate of 5% and will automatically pass data into existing payroll system
    - **NOT** An HP 5000 computer using MS Server NT running People Soft version 8.6
- First example is an outcome—Allows others to think outside the traditional box—Maybe cloud technology or other solution
- Second example locks you into a predetermined (and possibly poor) solution

227

6. Define System Requirements

- Identify the operating system and technical requirements
- Identify system inputs, *e.g.*, Payroll and HR, financial data
- Develop and document clear, outcome-focused requirements
- Define metrics and measurement to determine if needs are met
  - What and how will you measure, to evaluate system performance?
  - Well designed and frequent measurements help identify when project is steering off track
  - Include attempts to breach the system—This can help identify potential weaknesses in system integrity

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6. System Requirements Document

- All business process and technical requirements are compiled into one System Requirements Document (SRD)
  - Review the SRD for clarity and completeness
    - Have stakeholders, both technical and users, review and provide feedback
    - Make corrections to SRD to finalize
    - Helps achieve high degree of organizational buyoff
  - Program sponsor(s) have final review and approval
- Traceability
  - Verify that user requirements are met by proposed system and ensure completeness of process and functionality
  - VERY important step—This helps you make sure system steps are in order and helps protect the integrity of processes and system performance
- SRD should be considered a living document, and updated frequently to remain current

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7. Issue RFP

- Include with your RFP:
  - System requirements document, so respondents have clear understanding of expectations
  - Any supporting documents that will help respondents fully understand your project
  - Any legally required mandates, *e.g.*, Liability insurance, contract language
  - RFP and project schedules
  - Opportunities for respondents to ask questions, obtain clarifications
  - Information about the evaluation process—This helps respondents understand your priorities
- Clear, outcome focused requirements

230

8. Evaluate Proposals

- Once proposals are received, evaluation process begins:
  - Clear, consistent, objective criteria used for evaluation
  - Process can become subjective when evaluating how well bidders propose to meet requirement
  - Narrow bids down to top 2-3
- Top proposers are invited to finalist interviews, including system demonstrations

231

9. System Demonstrations and Evaluation

- Example issues in finalist demonstrations:
- Will any modification to our business processes will be required? If so, request specifics
- How easy is the system to use—Is it intuitive or will users require significant training?
- What are long-term system support needs?
- How is reporting accomplished? Finalist should provide demos/examples
- Who should perform the evaluation?

232

10. Selecting Successful Bidder

- Demos and evaluations completed
- Final scoring determines successful bidder
- Follow RFP guidelines for informing proposers of the outcome
- Contract negotiations
- Transition project kickoff

233

11. Change Management

- A structured approach to ensure changes are implemented thoroughly, smoothly, completely, accurately, and have a positive effect on the organization

234

Key Principles of Change Management

Understand the Change

- Why are we making this change?
- What are the key objectives/positive impacts?
- How will our work be affected?
- How will we know whether we have achieved success?

Helpful to think about possible negative outcomes of not making the changes . . . For the change to work, there must be sufficient dissatisfaction with the status quo

235

Key Principles of Change Management

Plan the Change

- Project sponsor—Top leadership, stays involved throughout project
- Identify all stakeholders—Internal, external, subject matter experts, project team members
- Describe the impact—What goals will be achieved, what success will look like

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Key Principles of Change Management

Implement the Change

- Ensure all participants understand the goals and objectives, and their roles
- Establish measurements for success—And then measure and report back
- Identify training needs
- Appoint “change agents” to model business practice and workflow changes

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Key Principles of Change Management

Communicate the Changes

- Clear, relevant descriptions of what is changing and why
- Offer small doses throughout the project, include milestone accomplishments
- Helpful to link to organization’s strategic plan—To help people see the bigger picture

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Key Principles of Change Management

A Word About Change Management Winners

- Winners get ahead of the change, shape it, lead it
- Winners thrive during times of transformation; They don't simply adapt to change

239

Leading Causes of Project Failure

- Unclear or absence of motivation for change
- Complete needs not identified
- Failure to distinguish between needs and wants
- Staff competencies not completely evaluated; Training may be needed
- Time requirements not realistically estimated
- Inadequate funding needs
- Failure to select appropriate software or tools
- Inadequately resourced implementation

240

Developing a Business Continuity or Disaster Recovery Plan

241

Business Continuity vs. Disaster Recovery

- **Business Continuity:** How do we continue critical operations during a disruption?
  - Benefits administration
  - Payroll processing
  - Pension payments
  - Participant communications
- **Disaster Recovery:** How do we restore systems, technology and infrastructure?
  - HRIS Systems
  - Payroll systems
  - Network infrastructure
  - Data recovery

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Building a Business Continuity Plan

Purpose and Scope	Critical Functions	Roles and Responsibilities	Communications and Resources	Test, Train and Improve
• Define why the plan exists and what it covers	• Identify what must continue during a disruption	• Assign leaders, teams and succession responsibilities	• Establish notification, resources and support strategies	• Exercise the plan, evaluate results and update regularly

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Business Continuity—Purpose and Scope

- To ensure continuity of critical services, protect people, minimize disruption and recover quickly
  - Protect employees, retirees and plan participants
  - Maintain essential operations during a disruption
  - Minimize service interruptions to support timely recovery
- Establish authority, direction, coordination

244

Business Continuity—Purpose and Scope

- Define what the plan covers—scope:
  - People
  - Facilities
  - Technology—applications and systems
  - Vendors and Partners (medical carriers)
  - Essential Services

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Business Continuity—Critical Functions

Identify and prioritize mission-essential functions:

- Payroll
- Health Benefits
- Pension Payments
- Communications
- Compliance
- Leadership

Consider the duration of an emergency when identifying and prioritizing functions

246

Business Continuity—Role and Responsibilities

Well defined roles, clear authority and a strong succession plan help your agency to respond quickly

247

Business Continuity—Role and Responsibilities

Establish clear authority before an emergency occurs

- Determine orders of succession
- Identify the Incident Leader
- Define decision-making authority
- Establish order of succession (at least three deep)
- Clarify delegated authority for critical decisions

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Business Continuity—Role and Responsibilities

Who is responsible and what decision can they make during an emergency?

- Approve emergency expenditures
- Procure critical goods and services
- Authorize travel, leave and staffing changes
- Execute contracts or emergency agreements

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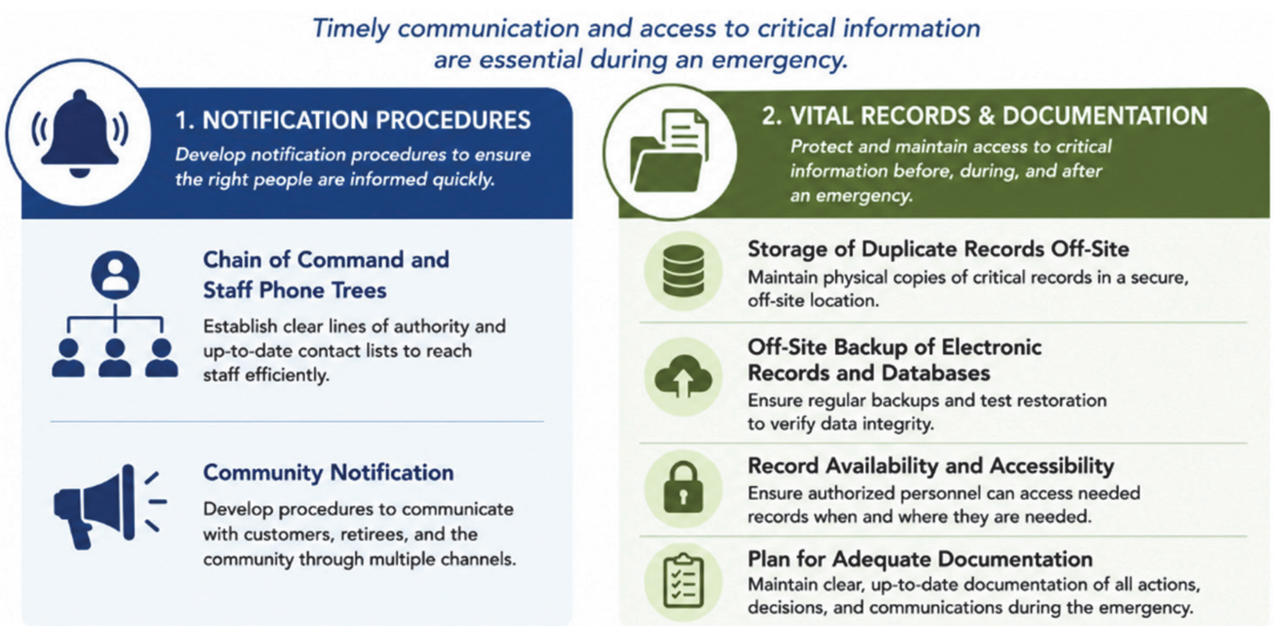
Business Continuity

- Develop business continuity procedures:
  - Personnel coordination and assignment
  - Relocation options/identify alternate facilities if they might be needed
  - Alert and notification procedures
    - For essential and non-essential personnel
    - For general community
  - Telecommunications and IT support strategies
  - Transportation, lodging, food

250

Business Continuity—Communications and Records



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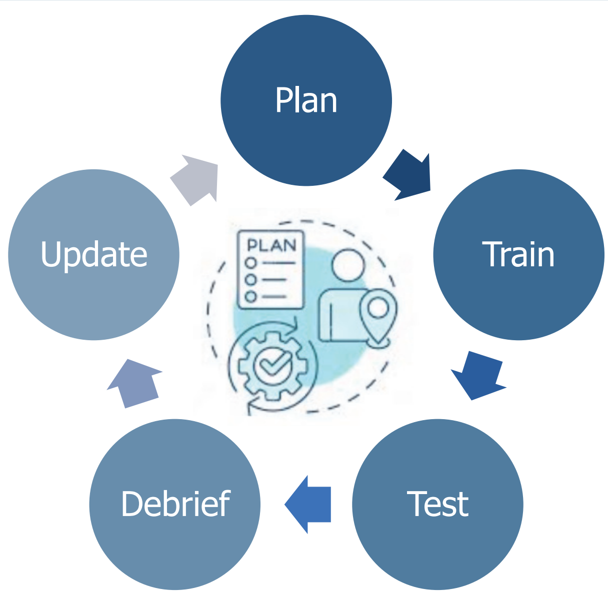
Test, Train and Improve



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Test, Train and Improve

- Test, training and practice exercise:
  - Update rosters and phone lists at least annually
  - Facility evacuation exercises
  - Test disaster plan procedures by staging an emergency
  - Debrief with team and top management to identify areas where clarity is needed or procedures need to be strengthened
  - Update your plan accordingly!

253

Build Organizational Resilience

254

Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack

- Ransomware attack on UKG's Kronos Private Cloud (KPC)
- UKG is a workforce management solution for HR and payroll functions
- Disrupted payroll and timekeeping systems, impacted thousands of organizations
  – MGM Resorts, Samsung, Gap, PepsiCo, Tesla, Hospitals, New York Metropolitan Transit Authority, cities: Springfield, Cleveland

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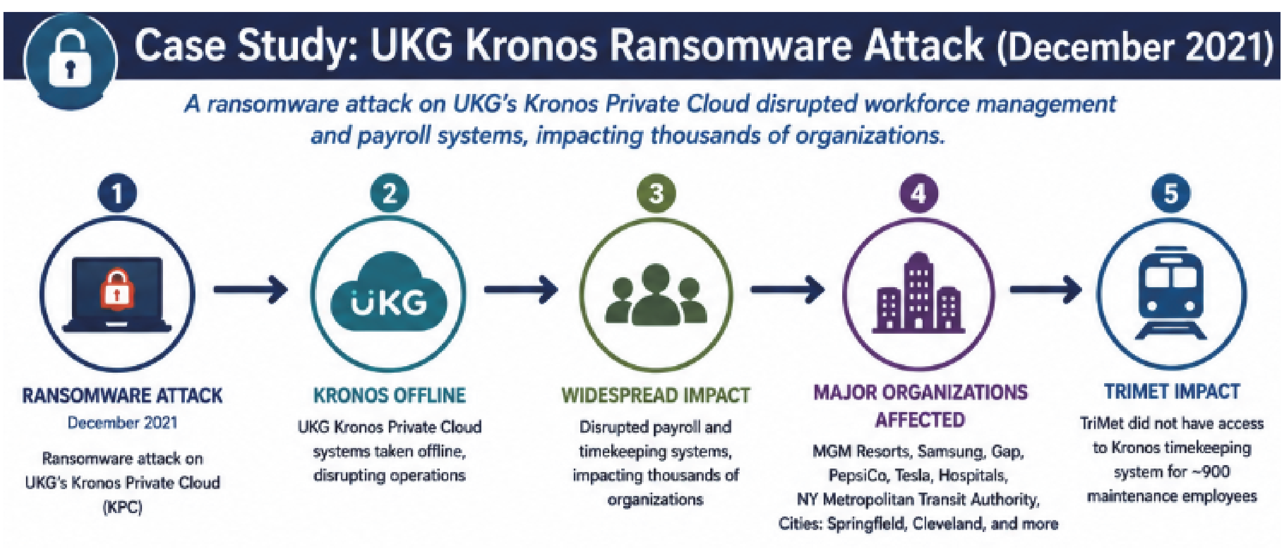
Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack



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Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack

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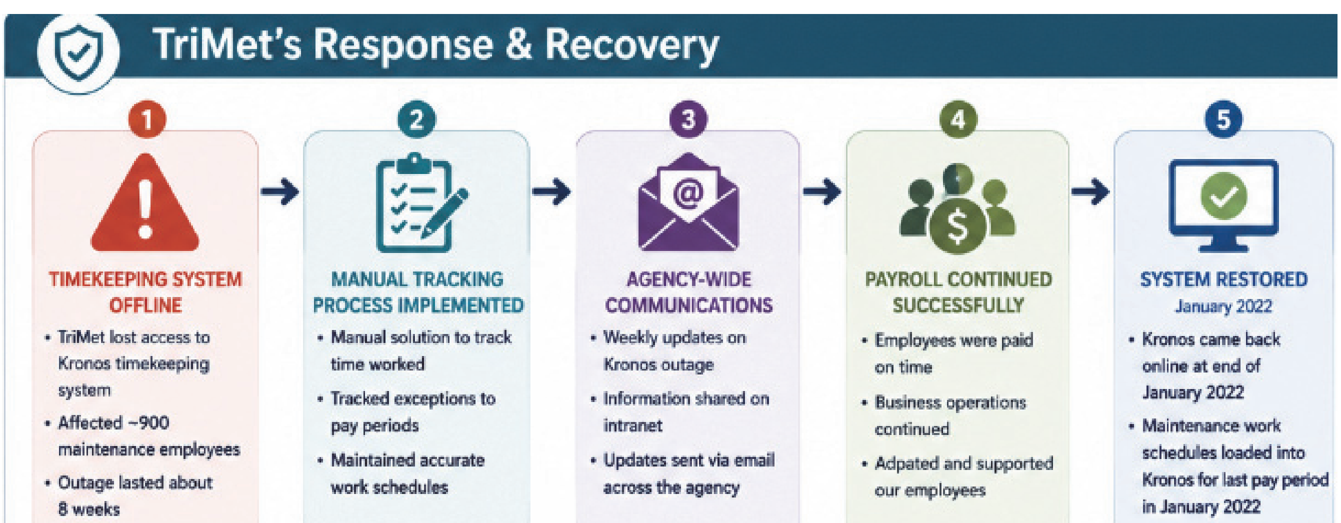
Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack



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Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack

- Legal outcome—July 2023 Kronos settled $6M class action lawsuit for companies with data stolen
- Lessons learned?
  - Business continuity planning matters
  - Manual backup processes are essential
  - Clear, consistent communications build organizational trust
  - Technology outages can impact mission-critical operations
  - We can adapt and continue serving our employees and the communities we support

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Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack

- TriMet did not have access to Kronos timekeeping system for 900 mechanics for about 8 weeks
- Maintenance employees clock in/out with their employee badge to track time worked in Kronos
- Manual solution tracking exceptions to pay periods for the maintenance employees work schedules
- Communicating weekly updates on the Kronos outage across the agency—Information shared on our intranet and sent via email

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Case Study: Ultimate Kronos Group (UKG) December 2021 Ransomware Attack

- Kronos came back online at the end of January 2022
- Maintenance work schedules loaded into Kronos for last pay period in January 2022
- Pay period was split with the Smartsheet and using the Kronos clocks to track time worked
- July 2023, Kronos settled $6M class action lawsuit for companies with data stolen

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Summary: Continuity Capability

- Continuity planning should address:
  - Essential functions
  - Orders of succession
  - Delegations of authority
  - Continuity facilities
  - Continuity communications
  - Vital records management
  - Human capital
  - PERSONAL PLAN!

262

Personal Preparedness: Make a Plan

- The more you have planned out ahead of time, the calmer and more assured your family will be during a disaster or emergency

Take the time to talk about potential disasters

Build a kit

Establish emergency contacts

Practice evacuating your home

Determine two meeting places where your family will reunite

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Disaster Planning

- Family and personal disaster plan:
  - Understand types of disasters most likely for your area
  - Create a disaster plan
    - Communication plan
    - Evacuation plan and meeting place
    - Adequate emergency supplies, including water
    - First aid kit, essential medical supplies
  - Practice and maintain your plan

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Disaster Planning

- **Available disaster planning resources**
  - http://www.ready.gov
  - http://www.samhsa.gov/dtac/ccp
  - InciWeb - All-Risk Incident Information Management System

- **Smartphone Applications**
  - American Red Cross
  - Earthquake
  - Wildfires
  - FEMA
  - FloodWatch

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Group Discussion

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Ethics in the Public Sector

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Ethics

- The Front Page Test
- What is Ethical Conduct?
- Why Ethics Matter in Public Service
- Common Types of Unethical Conduct
- Transparency and Public Accountability
- Element of an Ethical Organization
- Ethical Dilemmas
- Ethics and Government Contractors
- Ethics Case Study

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Ethics in Public Service—Front Page Test


DAILY NEWS

VOL. 101 • NO. 3456 TUESDAY, MAY 20, 2025 $2.00

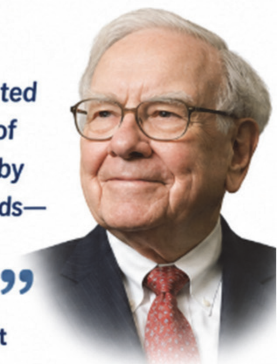
PUBLIC OFFICIAL ACCEPTS VENDOR GIFT

Questions Arise About Ethics and Oversight

By An Informed and Critical Reporter

“I want employees to ask themselves whether they are willing to have any contemplated act appear on the front page of their local paper—to be read by their spouses, children, and friends—with the reporting done by an informed and critical reporter.”

– Warren Buffett
Investor and CEO,
Berkshire Hathaway Inc.



BEFORE MAKING A DIFFICULT DECISION, ASK YOURSELF:

YOUR DECISION TODAY
What you do matters.

→

NEWS

TOMORROW'S FRONT PAGE
It could be reported for everyone to see.

→

YOUR FAMILY, FRIENDS & COLLEAGUES
Would you be comfortable with them reading it?

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What Is Ethical Conduct?

Ethical conduct is making decisions that:

- Are consistent with laws, policies and professional standards
- Serve the public interest
- Demonstrate integrity and honesty
- Maintain public trust and confidence
- Can withstand public scrutiny

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Ethics in the Public Sector

- Principles of Ethical Conduct for Government Officers and Employees
  - Presidential Executive Order 12674, April 1989
  - Modified by Executive Order 12731
- Federal government has host of laws and regulations governing both employees and contractors
- United States Office of Government Ethics
  - Compilation of Federal Ethics laws
- State and local ethics requirements
- Internal ethics policies
- Professional codes of conduct

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Why Ethics Matter in Public Service?

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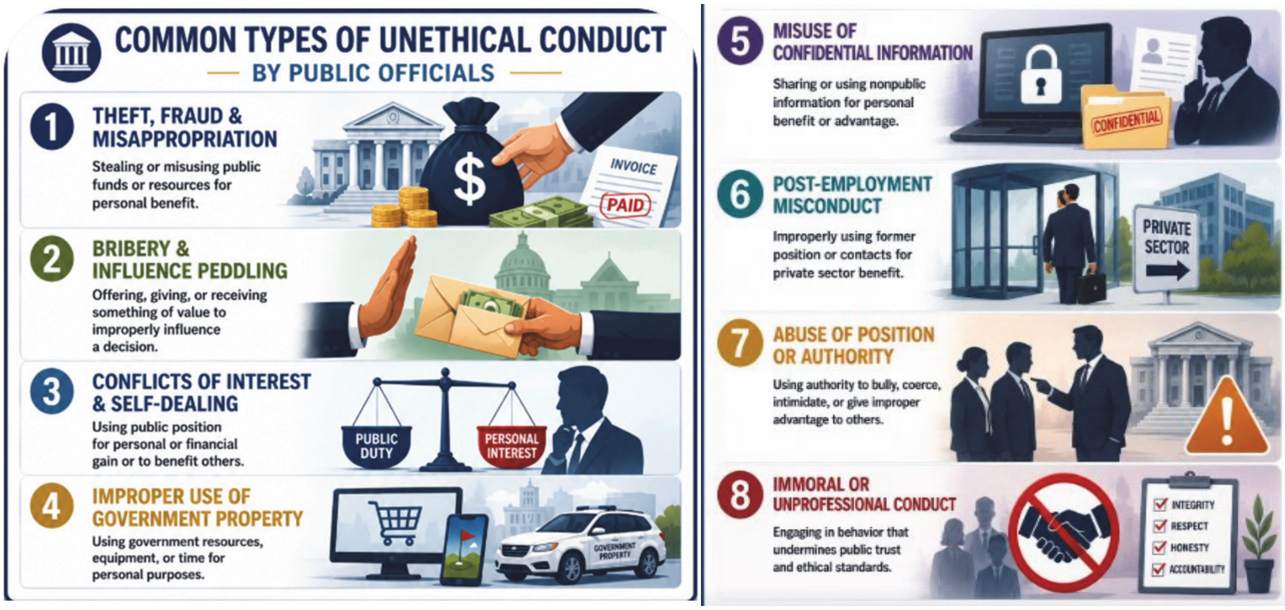
Unethical Conduct by Public Officials



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Transparency and Public Accountability

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Elements of an Ethical Organization

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Elements of an Ethical Organization *(continued)*

- Code of ethics and business conduct
  - Symbolizes an organization's regard for adherence to a prescribed code of business ethics
- Compliance and ethics helpline and website
  - An avenue to report concerns relating to:
    - Conflicts of interest
    - Unauthorized use of confidential information
    - Violations of commercial or government contracting
    - Any activities that may violate the code of conduct

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Resolving Ethical Dilemmas

Ethical Dilemma

↓

Is it Legal?

↓

Is it Consistent with Policy?

↓

Does it Serve the Public Interest?

↓

Would I Be Comfortable Seeing It on the Front Page?

↓

Ethical Decision: Proceed, Seek Guidance, Reconsider

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Recent and Continuing Erosion of Ethical Standards

- Business
  - WorldCom
    - $11 billion accounting fraud
  - Enron
    - Loss of thousands of jobs
    - $60 billion in market value
    - $2 billion in pension plans
  - Tyco International
    - CEO and CFO convicted of grand larceny and fraud, total losses of $550 million.
  - Above are examples of situations that prompt new laws and regulations—*e.g.*, Fiduciary responsibility
- Bernard Madoff—$50-billion-dollar Ponzi scheme

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Ethics Case Study: City of Bell, CA

Source: Corruption on Steroids – The Bell Scandal From The Legal Perspective (February 19, 2015)

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Ethics Case Study: City of Bell, CA

- City of Bell, California
  - 38,000 residents in 2.5 square miles
  - 1 in 6 residents lives below poverty line
  - 2009 per capita income $24,800, making Bell one of the poorest communities in LA area
  - 16% unemployment rate
  - 2005 ballot measure converted Bell into charter city—Thereby exempting from state salary regulations and increasing City's autonomy

Source: Corruption on Steroids – The Bell Scandal From The Legal Perspective (February 19, 2015)

280

Ethics Case Study: City of Bell, CA

- City of Bell, California
  - Chief Administrative Officer (CAO) appointed by City Council
  - No apparent compensation policies—CAO authorized disproportionate packages for top administrators ($200-400K)
  - CAO authorized councilor salaries of $100K
  - Executive salaries reportedly highest in nation
  - CAO awarded himself 47% pay increase to $442,000, then 12% pay increases for final salary of $1.5 million
  - CAO used public funds to repay personal loans, authorized loans to others
  - Planning Director was owner of planning and engineering firm; Was awarded $10.5m contract with Bell

Source: Corruption on Steroids – The Bell Scandal From The Legal Perspective (February 19, 2015)

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Ethics Case Study: City of Bell, CA

- CAO hired Police Chief at $457,000 salary
  - Nearly double Los Angeles Police Chief salary
  - LA: 10,000 officers . . . Bell: 48 officers
- Hiring contract stipulated that CAO would support application for disability benefits (with known pre-existing neck and back injuries)
  - Agreement called for lifetime disability benefits upon retirement
  - Half of $400,000 annual pension would be non-taxable
- So . . . How do you think they paid for all this?

Source: Corruption on Steroids – The Bell Scandal From The Legal Perspective (February 19, 2015)

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Ethics Case Study: City of Bell, CA

By adopting resolutions that

DOUBLED

most user charges and assessments!

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Ethics Case Study: City of Bell, CA

- What went wrong?
- Which control failed first?
- What governance practices could have prevented this situation?
- Could this happen in your organization? Why or Why Not?
- What role should HR, Legal, Finance and governing boards play in preventing similar situations?

Source: Corruption on Steroids – The Bell Scandal From The Legal Perspective (February 19, 2015)

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Public Sector Resources and Professional Organizations

- International Foundation of Employee Benefit Plans
  - http://www.ifebp.org
- National Contract Management Association (NCMA)—Public Procurement and Contracts Management
  - http://www.ncmahq.org/ncma-home
- Government Financial Officers Association
  - http://www.gfoa.org
- Association of Government Accountants (AGA)
  - https://www.agacgfm.org
- State and Local Government Benefits Association (SALGBA)
  - http://www.salgba.com

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Course Review

- Outstanding issues or questions
- Shared examples
- What have you learned?
- What will you do when you return to work?
- How can we make this program better?

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Supplemental Materials

- Employer Health Benefits—2025 Summary of Findings, Kaiser Family Foundation https://files.kff.org/attachment/Employer-Health-Benefits-Survey-2025-Annual-Survey-Summary-of-Findings.pdf
- Survey Findings State and Local Government Workforce 2025 https://research.missionsq.org/content/media/document/2025/5/2025_State_Local_Workforce_Report.pdf
- Cybersecurity and Employee Benefit Plans: Questions and Answers (AICPA) https://www.aicpa.org/resources/download/cybersecurity-and-employee-benefit-plans-questions-and-answers
- U.S. Department of Labor: Employee Benefits Security Administration, Cybersecurity https://www.dol.gov/agencies/ebsa/key-topics/retirement-benefits/cybersecurity

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Key Takeaways

- Administrators: How can you apply the topics we discussed in your organization?
- Trustees/Execs: What topics should you be discussing with your programs' administrators?

Your Feedback Is Important. Please Scan This QR Code.

Day Two and Overall Evaluation

Remaining Questions?

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Case Study

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Case Study Questions

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Case Study Questions

1. Identify potential legal, ethical, political or other problems facing the city.
2. Identify potential sources that will increase the city's revenue and potential areas where the city can decrease its expenses.
3. Identify Human Resources strategies to address the aging workforce, health benefit funding, management/employee relations, recruitment and retention, and protect the city's human assets for the benefit of the services the city provides.
4. What recommendations would you have for soliciting input on the Human Resources strategies identified, internally and externally?
5. How should Middletown plan for future acquisitions of equipment and services?
6. What tools or methods could Middletown use to implement needed changes?

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