Administration
Department of Human Resources

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
General Fund	$100,170	$93,151	$94,719	$1,568	1.7%
Contingent & Back of Bill Reductions	0	0	-58	-58	
Adjusted General Fund	**$100,170**	**$93,151**	**$94,661**	**$1,510**	**1.6%**
Special Fund	6,824	3,532	3,321	-211	-6.0%
Contingent & Back of Bill Reductions	0	0	-1	-1	
Adjusted Special Fund	**$6,824**	**$3,532**	**$3,320**	**-$212**	**-6.0%**
Federal Fund	72,177	83,631	85,159	1,528	1.8%
Contingent & Back of Bill Reductions	0	0	-49	-49	
Adjusted Federal Fund	**$72,177**	**$83,631**	**$85,111**	**$1,479**	**1.8%**
Adjusted Grand Total	**$179,172**	**$180,314**	**$183,091**	**$2,777**	**1.5%**

- The fiscal 2014 allowance of the Department of Human Resources (DHR) Administration increases by $2.8 million, or 1.5%, compared to the fiscal 2013 working appropriation, after accounting for a back of the bill reduction for health insurance due to favorable cost trends.

- The increase in DHR Administration's fiscal 2014 allowance is driven by increases in general funds ($1.5 million) and in federal funds ($1.5 million), which are partially offset by a decrease of $212,147 in special funds.

- The decrease of special funds is largely the result of the use of Budget Restoration Funds, created in the Budget Reconciliation and Financing Act of 2012 (Chapter 1 of the First Special Session of 2012) to support the fiscal 2013 cost-of-living adjustment provided to State employees. DHR Administration's share of the Budget Restoration Funds is $169,574. These expenses would have otherwise been general fund expenses and are budgeted as general funds in the fiscal 2014 allowance.

Note: Numbers may not sum to total due to rounding.

For further information contact: Tonya D. Zimmerman   Phone: (410) 946-5530

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- Major changes in the fiscal 2014 allowance occur in the areas of personnel, information technology, and programs in the Office of Grants Management.

Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Positions	896.00	892.00	892.00	0.00
Contractual FTEs	39.86	2.90	2.90	0.00
Total Personnel	**935.86**	**894.90**	**894.90**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	63.78	7.15%
Positions and Percentage Vacant as of 12/31/12	66.00	7.40%

- Section 25 of the Budget Reconciliation and Financing Act of 2012 required 100.0 positions to be abolished statewide by January 1, 2013. DHR Administration's share of the reductions was 6.0 positions, of which 3.0 positions came from the Office of the Secretary and 1.0 position each from the Office of Grants Management, the Division of Administrative Services, and the Office of Technology for Human Services.

- During fiscal 2013, positions from throughout DHR were transferred between programs, including a net increase of positions into DHR Administration. These transfers included 3.0 positions from the Child Support Enforcement Administration to the Office of Inspector General as part of DHR's plan to improve accountability in child support enforcement announced in December 2011.

- The turnover expectancy in DHR Administration increases from 6.78 to 7.15% in the fiscal 2014 allowance.

- As of December 31, 2012, DHR Administration had a vacancy rate of 7.4%, or 66.0 positions. To meet its turnover expectancy, DHR Administration needs to maintain 63.78 vacant positions in fiscal 2014.

Analysis in Brief

Major Trends

DHR Continues to Struggle with Procurement Goals: DHR has goals of having 25% of its procurement dollars with Minority Business Enterprises (MBE) and having 50% of procurements received by its Procurement Division within established guidelines. In fiscal 2012, DHR failed to meet either goal, with procurement timeliness falling to less than half of the goal; however, DHR was able to improve performance in the area of procurement dollars with MBE compared to recent years. DHR has recently launched an overhaul of its procurement process, which is expected to improve procurement timeliness.

Inconsistencies in Data Reporting Creates Difficulties in Understanding Trends: In the Office of Grants Management, inconsistencies and errors in data reporting have made tracking trends in the performance of shelter and nutrition programs difficult. DHR indicates that substantial changes, such as a 3 million meal decrease in the number of meals served to Hungry Marylanders, were due to past data reporting errors.

Issues

Maryland Legal Services Program Funding: As part of the fiscal 2012 closeout actions, DHR recorded an unprovided for payable of approximately $3.3 million in total funds in the Maryland Legal Services Program for representation in Children in Need of Assistance and Termination of Parental Rights cases after shifting some of the funding out of the program. This was the third unprovided for payable recorded for the program since fiscal 2007. The funding levels and split of funds between sources in fiscal 2013 and 2014 suggest problems could arise again.

Information Technology Project Status: During fiscal 2012, DHR began implementing an Enterprise Content Management System and Business Process Management System first funded in the fiscal 2011 budget. To date, the system has been implemented in all but one jurisdiction. In fiscal 2012, DHR received initial funding to support a Major Information Technology Development Project to modify its eligibility determination system to accommodate health care reform. This project is no longer expected to be undertaken by DHR and will instead be completed by the Maryland Health Benefit Exchange. As a result, no funds are available to DHR Administration in fiscal 2014 for this project.

Recommended Actions

1. Add language restricting the general fund appropriation in the Maryland Legal Services Program for legal representation in Children in Need of Assistance and Termination of Parental Rights cases to that purpose.

2. Add language restricting the federal fund appropriation in the Maryland Legal Services Program for legal representation in Children in Need of Assistance and Termination of Parental Rights cases to that purpose.

Updates

Maryland Women's Heritage Center Funding Sustainability Plan: Committee narrative in the 2012 *Joint Chairmen's Report* requested DHR, in conjunction with the Commission for Women and the Maryland Department of Planning (MDP), to develop a plan for funding sustainability for the Maryland Women's Heritage Center (MWHC). Although a report was submitted, no recommendation was made about the level of State funding that MWHC requires because of the lack of long-term financial data. The agencies recommended a multi-year use of the fiscal 2013 grant and that MWHC undertake a strategic planning process, begin an auditing process, and receive assistance from DHR to improve its budgetary and accounting capacity. However, the use of funds is ultimately determined by MWHC. No funds are available from MDP or DHR Administration for MWHC in the fiscal 2014 allowance.

Status of Corrective Actions Related to Performance Audit on Information System Data Security: In September 2012, the Office of Legislative Audits released a performance audit on Information System Data Security focusing on both the Department of Information Technology and certain State agencies, including DHR. The audit contained five findings associated with DHR. By the time of this audit's release, DHR stated it had completed corrective actions for two findings and had plans to resolve the remaining findings in calendar 2013.

N00A01
Administration
Department of Human Resources

Operating Budget Analysis

Program Description

The Department of Human Resources (DHR) administers programs through a State-supervised and locally administered system. DHR Administration provides direction through four major units.

- Office of the Secretary;

- Operations Office;

- Office of Technology for Human Services (OTHS); and

- local department operations.

Office of the Secretary

The Office of the Secretary provides overall direction and coordination for all programs and activities of DHR. The Office of the Secretary includes the offices of the attorney general; chief of staff; deputy secretaries; communications; employment and program equity; inspector general; planning and performance; and government, corporate, and community affairs. Other programs contained within the Office of the Secretary are:

- the Citizen's Review Board for Children (CRBC);

- the Maryland Commission for Women;

- the Office of Grants Management; and

- the Maryland Legal Service Program (MLSP).

The key goal of the Office of the Secretary is to comply with statewide requirements for agency performance. The four programs within the Office of the Secretary contain goals specific to the program's operations.

Operations Office

The Operations Office consists of two divisions. The Division of Budget, Finance, and Personnel supports the programs of other units in the department through the management and control of fiscal and personnel systems. The Division of Administrative Services provides key administrative services including fleet management, records management, and risk management to DHR, as well as disaster relief and emergency response throughout the State. The key goals of the Operations Office are (1) to improve business processes to better serve the DHR central office, local departments of social services (LDSS), and community partners; and (2) to ensure a safe working environment for employees.

Office of Technology for Human Services

OTHS is responsible for the overall management and direction of DHR's information systems. This includes responsibility for computer applications and systems; computer and communication equipment; computer peripheral equipment; ancillary facility and support equipment; and consumables and supplies. OTHS is responsible for the development and administration of DHR's information technology (IT) systems including:

- the Child Support Enforcement System;

- the Client Automated Resource and Eligibility System (CARES);

- the Office of Home Energy Programs (OHEP) data system;

- the Maryland Children's Electronic Social Services Information Exchange; and

- WORKS, the computer system for the Work Opportunities Program.

The key goal of OTHS is to ensure the delivery of high quality products and services that are responsive to the changing needs of the department and the department's customers.

Local General Administration

LDSS are situated in each county and Baltimore City; the administrative budgets of LDSS are combined into the local department operations unit for the State budget.

The Local General Administration program provides essential support services and staff to operate the 24 LDSS, including the management of staff, finance, statistical reporting, general services, central records, fleet operations, buildings and grounds, equipment, supplies, procurement, and inventory.

Performance Analysis: Managing for Results

1.   DHR Continues to Struggle with Procurement Goals

DHR's goal for the Office of the Secretary is to comply with statewide requirements for agency performance. One of the measures for this goal is the percentage of procurement dollars with Minority Business Enterprise (MBE). Chapter 154 of 2012 eliminated the statewide 25.0% goal, instead requiring the Special Secretary of Minority Affairs, in consultation with the Office of Attorney General and Secretary of Transportation, to establish a percentage goal on a biennial basis and apply the previous year's goal for any year that a percentage goal is not established. DHR's goal continues to reflect the previous statewide goal (25.0%); however, DHR's performance has consistently fallen well short of this goal. Despite an improved performance in fiscal 2012 relative to recent years, DHR still had only 14.7% of procurement dollars with MBE, as shown in **Exhibit 1**. DHR indicates that it has improved its efforts in two contracting areas (information and technology and supplies and equipment), which DHR notes are areas with a significant number of available MBEs. DHR is also continuing its recent initiative of placing an MBE goal on certain group home contracts.

Exhibit 1
Procurement
Fiscal 2009-2014 Est.
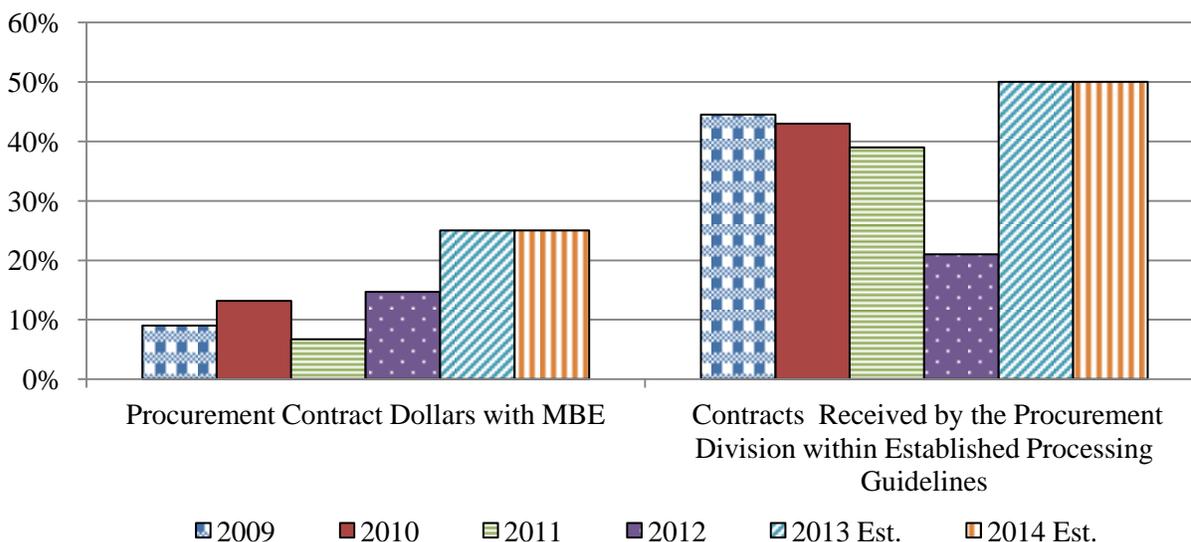
MBE: Minority Business Enterprise

Source: Department of Human Resources; Governor's Budget Books

DHR has set a goal of having 50% of contracts received by the Procurement Division within established processing guidelines, which is a key step in the achievement of a timely contract award. Since fiscal 2009, DHR's performance for this measure has declined each year, with a substantial deterioration in performance in fiscal 2012. As shown in Exhibit 1, in fiscal 2012, DHR failed to achieve even half of its goal. DHR indicates that in mid-December 2012, the agency overhauled its contracting process, which includes efforts to standardize language in request for proposals, streamlining and standardizing the evaluation process, and creating an online dashboard to track procurements and identify upcoming procurements. **DHR should comment on the cause of the poor performance and how the failure to achieve this goal has impacted the timeliness of contract awards and the department's customers.**

2.   Out-of-home Placement Reviews Indicate More Children Received Appropriate Services in Fiscal 2012

DHR presents a series of performance measures in its annual Managing for Results (MFR) submission related to CRBC, some of which track performance of the program and some of which track outcomes of work done by local departments in cases reviewed by CRBC. CRBC reviews particular out-of-home placement cases in accordance with an agreement with the Social Services Administration (SSA); the agreement currently calls for a review of cases with plans of adoption, Another Planned Permanent Living Arrangement, or reunification.

CRBC has a goal of submitting 75% of reports on the out-of-home placement case reviews within 15 days of the review. While CRBC met this goal in fiscal 2011, CRBC failed to meet the goal in fiscal 2012, submitting only 61% of the reports timely, as shown in **Exhibit 2**. DHR indicates that a position vacancy led to delays in submitting reports. CRBC indicates that the filling of the vacant position has increased the number of reports submitted timely.

Exhibit 2 also contains information on three outcome measures as determined by the CRBC case reviews. While these outcome measures are not directly impacted by activities of CRBC, the measures provide a means of evaluating the local departments' child welfare activities. Based on cases reviewed by CRBC, local departments have improved their performance in each measure compared to the prior year and continued to perform relatively well compared to the goals, even after two of the goals were raised with the fiscal 2014 MFR submission. In fiscal 2012, in the cases reviewed, the local departments exceeded the goal for the percent of children receiving appropriate physical and mental health services. The local departments did not meet either of the other two goals, but the performance was relatively near the goals (4 percentage points for children receiving appropriate educational services and 2 percentage points for youth with an identified permanent connection).

Exhibit 2
Citizen's Review Board for Children
Fiscal 2010-2014 Est.
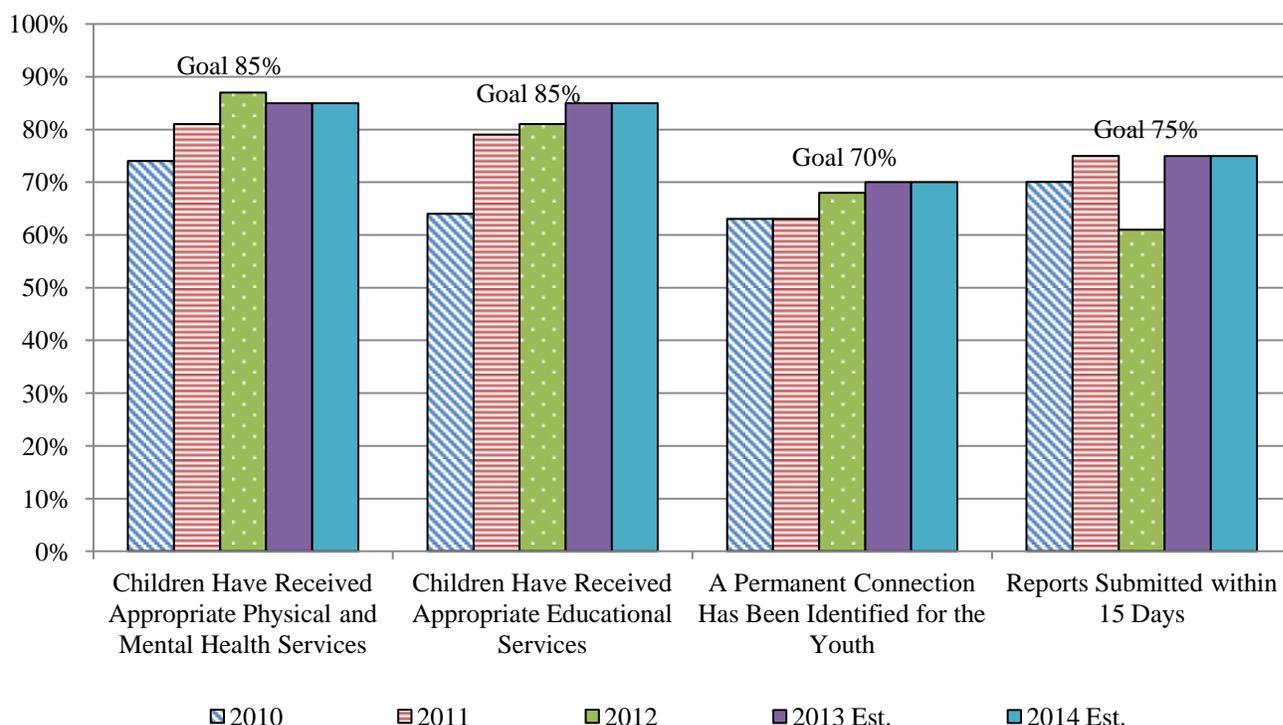
Source: Department of Human Resources; Governor's Budget Books

3. Inconsistencies in Data Reporting Creates Difficulties in Understanding Trends

Exhibit 3 provides information on the number of meals distributed to hungry Marylanders and the number of bednights of emergency shelter and transitional housing provided as a result of funding available to organizations through the Office of Grants Management. Although the exhibit shows several disturbing trends, such as a decrease of approximately 3 million meals distributed to hungry Marylanders, DHR indicates that the changes in these measures in fiscal 2012 are attributable to errors in the service counts, such as incorrectly counting programs in a measure or failing to include a program. In some cases, projections have also been impacted by the data reporting errors. **DHR should comment on the cause of these errors and steps DHR has taken or plans to take to limit such errors in the future.**

Exhibit 3
Office of Grants Management
Fiscal 2009-2014 Est.
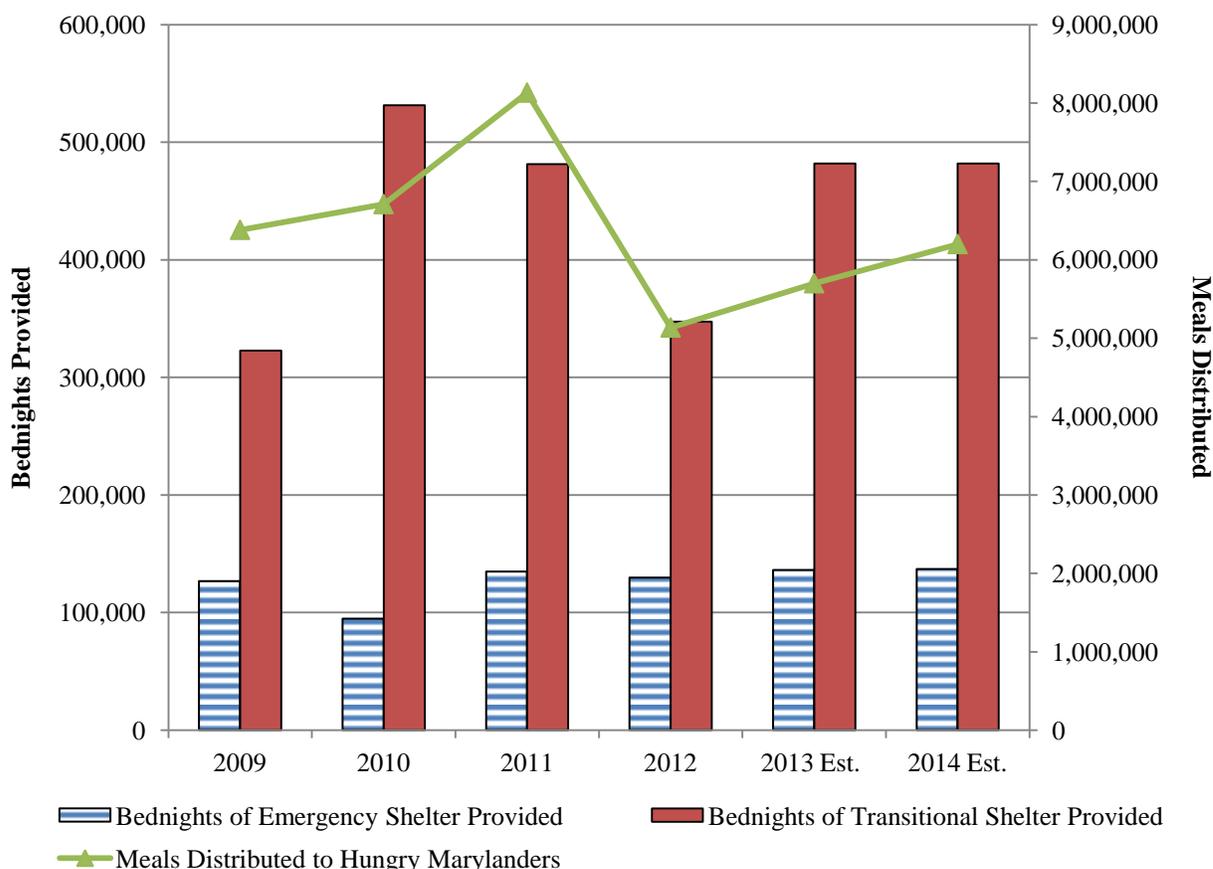
Source: Department of Human Resources; Governor's Budget Books

Fiscal 2013 Actions

Section 25 of Chapter 1 of the First Special Session of 2012 (the Budget Reconciliation and Financing Act of 2012) required the Governor to abolish at least 100 vacant positions as of January 1, 2013, saving at least $6 million in general funds. DHR Administration's share of the reduction was 6 positions, and a portion of the reduction ($519,275 in general funds) that was allocated to DHR. The annualized salary savings due to the abolition of these positions is expected to be $369,412 in total funds ($145,044 in general funds, $110,343 in special funds, and $114,025 in federal funds); however, at the time of the abolition of the positions, 1 of the positions was budgeted

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in the Child Support Enforcement Administration (CSEA) and 1 was budgeted in SSA, and savings would accrue in those administrations.

Proposed Budget

As shown in **Exhibit 4**, the fiscal 2014 allowance increases by $2.8 million, or 1.5%, compared to the fiscal 2013 working appropriation after accounting for a back of the bill reduction in health insurance due to favorable cost trends. Increases in general funds ($1.5 million) and federal funds ($1.5 million) are partially offset by a decrease in special funds ($212,147).

Special funds (from the Budget Restoration Fund created by Chapter 1 of the First Special Session of 2012) replaced what would have otherwise been general funds to support a portion of the cost-of-living adjustment (COLA) in fiscal 2013. In DHR Administration, the Budget Restoration Funds totaled $169,574. In the fiscal 2014 allowance, these costs are once again budgeted as general funds, accounting for a majority of the special fund decrease.

Exhibit 4
Proposed Budget
DHR – Administration
($ in Thousands)

How Much It Grows:	General Fund	Special Fund	Federal Fund	Total
2013 Working Appropriation	$93,151	$3,532	$83,631	$180,314
2014 Allowance	94,719	3,321	85,159	183,200
Amount Change	$1,568	-$211	$1,528	$2,885
Percent Change	1.7%	-6.0%	1.8%	1.6%
Contingent Reductions	-$58	-$1	-$49	-$108
Adjusted Change	$1,510	-$212	$1,479	$2,777
Adjusted Percent Change	1.6%	-6.0%	1.8%	1.5%

Where It Goes:

Personnel Expenses

Employee retirement	$1,483
Employee and retiree health insurance net of back of the bill reduction due to favorable cost trends	732
Annualization of the fiscal 2013 cost-of-living adjustment	542
Regular earnings due to positions transferred in fiscal 2013 not yet budgeted, reclassifications, positions abolished pursuant to Section 25 of the Budget Reconciliation and Financing Act of 2012, and other salary adjustments	472
Social Security contributions	13
Accrued leave payout	-151
Turnover expectancy increases from 6.78 to 7.15%	-404
Other fringe benefit adjustments	4

Programmatic Changes

Meals for HIV/AIDS and cancer patients through Food & Friends.................................	350
Purchase of care services primarily in the Help Center Program in Cecil County	-92
End of federal grants for promoting responsible fatherhood	-1,491

Information Technology

Existing Major Information Technology Development Project (MITDP) Enterprise Content Management System/Business Process Management System for which no funds are provided in the fiscal 2013 budget	2,332
Additional and replacement information technology equipment	979
New MITDP for planning activities related to the replacement of the Automated Financial System used by local departments of social services	168
Computer and related equipment maintenance and repairs including contracts for out of warranty hardware	85
Software licenses for Novell Group Wise e-mail due to transition to Google e-mail......	-410
MITDP related to the Affordable Care Act that will be completed instead by the Maryland Health Benefit Exchange	-1,000

Cost Allocations

Department of Budget and Management paid telecommunications.................................	468
Retirement administrative fee	70
Office of Attorney General administrative fee...	26
Annapolis Data Center charges	-10
Department of Information Technology services allocation...	-274
Statewide personnel system allocation..	-466

Administrative Expenses

Postage to align with recent experience	387
Insurance	107
Printing and data processing supplies to align with recent experience	60

Where It Goes:

Montgomery County Department of Health and Human Services grant to reflect personnel expenditure adjustments	41
Purchase of office equipment	-54
Copier rentals	-58
Telephone expenditures to align with recent experience and cell phone expenditures	-219
Rent to non-DGS facilities ($74,803) more than offset by savings in rent for DGS facilities ($485,357)	-411
Communication costs primarily due to conversion to Network Maryland	-581
Other changes	78
Total	**$2,777**

DGS: Department of General Services

Note: Numbers may not sum to total due to rounding.

Personnel

Personnel expenditures represent the most substantial area of change in the fiscal 2014 allowance for DHR Administration, a total increase of $2.7 million, after accounting for a back of the bill reduction in health insurance expenses due to favorable cost trends. The largest increases in personnel expenditures occur in employee retirement ($1.5 million) and employee and retiree health insurance ($732,183).

Regular earnings increase by $471,825 in the fiscal 2014 allowance in DHR Administration. During fiscal 2013, DHR Administration, after accounting for abolished positions, had a net increase of 3 positions, primarily due to positions transferred from other areas of the department, including positions transferred from CSEA to the Office of the Inspector General (OIG) as part of the effort to improve accountability in child support enforcement. Although the positions have been transferred, the funding associated with those positions is not yet included in the fiscal 2013 appropriation. In addition to the impact of the transferred positions, regular earnings is also affected by prior year reclassifications, the annualization of savings associated with the positions abolished pursuant to Section 25 of the Budget Reconciliation and Financing Act of 2012, and other salary adjustments.

Office of Grants Management

The Meal Delivery to HIV/AIDS Patients program supports two organizations (Moveable Feasts and Food & Friends) that provide home delivered meals and nutrition counseling to individuals with HIV/AIDS or cancer. In calendar 2012, Moveable Feasts served 1,493 clients with 116,021 meals and 3,936 cans of supplements, and Food & Friends served 325 clients with 169,075 meals. The program's expenditures have been $731,250 since fiscal 2007. In the fiscal 2014 allowance, the funding for this program increases by $350,000 (or nearly 50.0%), to $1.1 million.

The increase occurs specifically for Food & Friends, providing the organization a total of $840,625, an increase of 71.3% compared to fiscal 2013.

A decrease of $1.5 million results from the end of federal grants supporting two fatherhood programs: (1) the Strong Fathers/Strong Families Program in Baltimore City and (2) the Winning Fathers Project in Montgomery, Prince George's, and Talbot counties. The Strong Fathers/Strong Families Program served unmarried fathers with a focus on healthy relationships, effective parenting, economic opportunity, and access to domestic violence education services. The Strong Fathers/Strong Families Program served 256 clients annually. The Winning Fathers Project served incarcerated or formerly incarcerated fathers and partners and focused on advancing the wellbeing of children, healthy marriages, and economic opportunity. The Winning Fathers Project served 60 clients annually.

New Major IT Project

The fiscal 2014 allowance contains funding to begin one new Major Information Technology Development Project (MITDP). The new project is expected to replace the Automated Financial System, which is used in LDSS to maintain the financial transaction history and generate checks for vendor payments, including for child care and foster care providers. The existing system is written in outdated language and, as a result, DHR indicates that it is difficult and expensive to find maintenance and support for the application. The funding in the fiscal 2014 allowance, a total of $350,000 ($182,000 in the Major Information Technology Development Program Fund in the Department of Information Technology (DoIT) and $168,000 federal funds in the DHR Administration) will be used for planning. During the planning phase of a MITDP, agencies complete the initial steps of the Systems Development Life Cycle through the requirements analysis. This process must be completed before the agency can receive funding to move into the implementation phase. Because the project is in the planning phase, consistent with the two-step process, no out-year funding is currently scheduled.

IT Maintenance Contract

The Board of Public Works approved an Application Maintenance/Operations and Enhancement Services contract in May 2010. The base contract extends until fiscal 2016, with annual changes to the cost of the contract. In fiscal 2013, the anticipated cost of the contract was approximately $25.0 million, and the fiscal 2013 working appropriation includes that level of funding. The anticipated cost of the contract in fiscal 2014 is $25.3 million; however, the fiscal 2014 allowance level funds the contract from fiscal 2013, a shortfall of $355,973.

Issues

1.   Maryland Legal Services Program Funding

As part of its fiscal 2012 closeout actions, DHR recorded unprovided for payables totaling $58.2 million ($52.7 million in general funds), throughout its budget, including $3.3 million ($2.4 million general funds and $0.9 million federal funds) in MLSP for legal representation in Children in Need of Assistance (CINA) and Termination of Parental Rights (TPR) cases. DHR recorded an unprovided for payable in this program after having transferred $1.0 million out of the program's funding by budget amendment during the closeout process. This was the third unprovided for payable recorded by DHR in MLSP since fiscal 2007 (fiscal 2007, 2008, and 2012).

DHR indicated that funds were transferred, despite the unprovided for payable being recorded, because the bills justifying the need were not yet in hand. DHR explained that it was able to pay the invoices that led to the unprovided for payable with fiscal 2013 funding. However, it is not clear, given the level of the fiscal 2013 appropriation, whether the appropriation is adequate to support the older payables and all new invoices.

As shown in **Exhibit 5**, the actual fiscal 2012 expenditures in MLSP in the area of legal representation in CINA and TPR cases, accounting for the unprovided for payables, is substantially higher than the fiscal 2013 working appropriation and fiscal 2014 allowance. In addition, the fiscal 2013 working appropriation and fiscal 2014 allowance includes a much higher anticipated federal fund share of the program than was realized in fiscal 2012 (more than 10 percentage points). The combination of the reduced funding and substantial differences in the general fund/federal fund split indicates that the funding issue in fiscal 2012 is likely to continue in fiscal 2013 and 2014 in the absence of action to either contain costs or increase funding. For example, if the general/federal fund share of the programs is actually the ratio evidenced in fiscal 2012, MLSP would require nearly an additional $1.5 million for these cases in both fiscal 2013 and 2014. These functions are statutorily mandated; therefore, few cost containment options are available to DHR. **Given the concerns about the overall funding level and previous transfers, the Department of Legislative Services (DLS) recommends budget bill language restricting funds appropriated for legal representation in CINA and TPR cases to that purpose.**

Exhibit 5
Maryland Legal Services Program Legal Representation for Children
Funding/Expenditures
Fiscal 2012-2014
($ in Millions)

	2012 Actual (Without Unprovided For Payable)	2012 Actual (With Unprovided For Payable)	2013 Working Appropriation	2014 Allowance
General Funds	$8.9	$11.2	$7.5	$7.4
Federal Funds	3.3	4.3	4.8	4.8
Total Funds	**$12.2**	**$15.5**	**$12.3**	**$12.3**
General Funds		72.5%	60.9%	60.6%
Federal Funds		27.5%	39.1%	39.4%

Note: Numbers may not sum due to rounding. Funding represents only contracted services, not court appointed attorneys.

Source: Governor's Budget Books; Department of Human Resources

DHR has taken steps in recent months to improve monitoring of its contracts by filling vacant positions and adding support in program monitoring to the office. MLSP also has a new executive director who began employment in January 2013. DHR is in the process of procuring new contracts for these cases; however, this has been delayed due to vendor protests. **DHR should comment on how these steps to improve contract monitoring will also benefit budget monitoring and limit the likelihood of a recurrence of this situation.**

2. Information Technology Project Status

In fiscal 2011, DHR's budget contained funding for four MITDPs. Two of these projects are complete. The remaining two projects were intended to implement an Enterprise Content Management System (ECMS) and a Business Process Management System (BPMS). In fiscal 2012, a new MITDP was funded to implement changes to CARES and the Service Access Information Link (SAIL) necessary as a result of health care reform.

Enterprise Content Management System/Business Process Management System

The ECMS/BPMS was funded initially as two projects in fiscal 2011. Key components of the two projects were the implementation of a document imaging system for use by the Family Investment Administration (FIA) and CSEA and the beginning of an incremental modernization of CARES. These projects were later combined because much of the work for the two projects was related.

DHR awarded a contract to Policy Studies, Inc. (which was later purchased by Maximus) for this project, with a value of $11.7 million between fiscal 2011 and 2014. In addition to this contract, DHR amended its existing IT hosting contract to add ECMS, at a cost of $2.7 million between fiscal 2012 and 2014; an additional $4.4 million will be required if the hosting contract is extended through a five-year contract option. Expenditures in fiscal 2012 were higher than originally expected due to the purchase of more scanners than originally planned; similar impacts could also occur in fiscal 2013 and 2014.

Funding

In the fiscal 2011 budget, the two projects received total funding of $14.0 million from Temporary Assistance for Needy Families (TANF) funds available through the American Recovery and Reinvestment Act of 2009. An additional $1.4 million was appropriated in fiscal 2012, providing $15.4 million for the combined project.

Due to the timing of the contract award, nearly all of the federal funds provided for the project in fiscal 2011 ($13.75 million) were cancelled. The $1.4 million of federal funds for the project initially appropriated in fiscal 2012 was not adequate to support the cost of the contract in that year. In fact, because the TANF balance was depleted, only $0.8 million of TANF was available. In the fiscal 2012 closeout process, DHR realigned general funds to provide $2.0 million and directed $2.7 million Child Support Reinvestment funds to the project.

The fiscal 2013 budget currently has no funding to support the project; however, DHR expects to spend approximately $3.8 million in that year. The fiscal 2014 budget includes $4.9 million ($2.6 million in MITDP funds and $2.3 million in federal funds) for this project, which should be sufficient to support the contract needs in that year. DHR expects costs in each year from fiscal 2015 through 2017 to be $0.9 million. **DHR should comment on how it intends to support the contract needs in fiscal 2013.**

Status of Implementation

The project began in early August 2011 with planning processes. A pilot occurred between December 9, 2011, and January 25, 2012, in the Anne Arundel County Department of Social Services (DSS) (Annapolis office) and Charles County DSS (in both the FIA and CSEA offices). Following the pilot, project workstations were to be implemented in nearly all FIA and CSEA offices and DHR headquarter offices beginning in February 2012. The rollout was expected to be completed by

August 31, 2012. The statewide rollout has occurred over a longer period of time than initially planned, in part, because DHR decided to include offices with existing customized local solutions (except the Baltimore City Office of Child Support Enforcement) into the statewide system and rollout. The rollout was phased regionally and implementation timeframes are shown in **Exhibit 6**. To date, the system has been implemented in 52 sites in 23 of the 24 jurisdictions. DHR reports that users have scanned more than 2.4 million documents through January 4, 2013.

Exhibit 6
Enterprise Content Management System Rollout

<u>Region</u>	<u>Jurisdictions</u>	<u>Implementation Timeframe</u>
Pilot	Anne Arundel DSS (Annapolis Office) and Charles County DSS	December 9, 2011
Southern	Anne Arundel County DSS (Glen Burnie Office), Calvert County DSS, Montgomery County OCSE, and St. Mary's County DSS	February 14 – March 1, 2012
Northern	Department of Human Resources Headquarters, Baltimore City DSS (except the Towson Office), Baltimore County DSS, Baltimore County OCSE, Carroll County DSS, Harford County Wage Connection (DLLR), Harford County OCSE, Harford County DSS, and Howard County DSS	March 27 – May 30, 2012
Eastern Shore	Caroline County DSS, Cecil County DSS, Dorchester County DSS, Kent County OCSE, Kent County DSS, Queen Anne's County OCSE, Queen Anne's County DSS, Somerset County DSS, Talbot County DSS, Wicomico County DSS (except One Stop), Wicomico County OCSE, and Worcester County DSS	June 26 – August 23, 2012
Western	Allegany County DSS, Frederick County DSS, Garrett County DSS, and Washington County DSS	September 11 – 27, 2012
New Group 1	Prince George's County DSS and Prince George's County OCSE	October 16 and 18, 2012
New Group 2	Anne Arundel County OCSE, Baltimore County DSS (Towson Office), and Wicomico County DSS One Stop	October 3 – November 8, 2012
New Group 3	Montgomery County DHHS	June 10, 2013

DHHS: Department of Health and Human Services
DLLR: Department of Labor, Licensing and Regulation
DSS: Department of Social Services
OCSE: Office of Child Support Enforcement

Note: Except where noted, an indication of DSS represents all DSS locations in the jurisdiction.

Source: Department of Human Resources

During the final phase of the project, reports and other features are expected to be implemented. In addition, DHR is expected to determine whether any new or remote sites should be included in the project.

CARES Modifications Related to Health Care Reform

The fiscal 2012 and 2013 budgets contained funding for a MITDP to make modifications to CARES and SAIL necessary to implement the Affordable Care Act (ACA). In general, the project was expected to integrate CARES and SAIL with the IT system that is being developed by the Maryland Health Benefit Exchange (MHBE) and assist in the management of eligibility following the implementation of the ACA. Little detail has been available about the work that would be completed under this project, how the integration would be accomplished, and the amount of necessary funding.

Funding

The fiscal 2012 budget for this project included $1.0 million in total funds ($100,000 in general funds and $900,000 in federal funds), with $28 million planned for fiscal 2013. An additional $854,031 was added to the fiscal 2012 budget through a budget amendment. However, only $431,664 was actually spent in that year. The fiscal 2013 allowance contained a total of $6.25 million ($5.25 million in general funds and $1.0 million in federal funds), with no funding planned beyond that year. However, $3.35 million in general funds was reduced by the General Assembly, leaving $2.9 million for this project in fiscal 2013.

It is the understanding of DLS that the project will now be undertaken by MHBE rather than DHR and that the funds in DHR and the MITDP for this project will no longer be required. DHR also noted in its response to a 2012 *Joint Chairmen's Report* (JCR) request, that DoIT has indicated that projects associated with MHBE are not considered to be MITDP and are not funded through the MITDP. DHR explained that it is working with MHBE to obtain funding for this project. There are no funds in DHR's fiscal 2014 allowance for this project. **DHR should explain its role in the project moving forward and the status of project funding.**

Status of Implementation

Due to the lack of information about how these funds would be used, the 2012 JCR included committee narrative requesting additional detail on the project scope and additional costs of the project beyond fiscal 2013. DHR indicated that the project's focus is transitioning the eligibility

functions from CARES to the Health Benefit Exchange IT system, decoupling the connections between Medicaid and the existing social services operations, and disabling the transferred functions in CARES. SAIL will also be taken out of service, and the functions (*i.e.*, web-based application and pre-screening) transferred to the new system. The transition and disabling of functions will occur in phases based on the implementation of the Health Benefit Exchange IT system. CARES and the new system will also need to be integrated to allow information about non-modified adjusted gross income (MAGI) cases or other social services to flow back to CARES, as individuals may apply for these services through the new system before the transition is complete.

The first phase of the modifications including Medicaid MAGI cases and SAIL-related activities, according to DHR, must be completed prior to the planned beginning of the integration testing of the new system on April 1, 2013. DHR noted that, during the phased implementation, workers will be required to use both systems, and work flows will need to be adjusted in all local offices and DHR headquarters to accommodate the need for the two systems. The work flows are expected to be re-engineered during each phase of the implementation.

Recommended Actions

1. Add the following language to the general fund appropriation:

    , provided that $7,434,164 of this appropriation made for the purpose of legal representation in Children in Need of Assistance and Termination of Parental Rights cases may only be expended for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall revert to the General Fund.

    Explanation: In fiscal 2012, the Department of Human Resources (DHR) transferred approximately $1.0 million of general funds from the Maryland Legal Services Program (MLSP) for legal representation in Children in Need of Assistance (CINA) and Termination of Parental Rights (TPR) cases to other agency purposes during the closeout process. Also during the fiscal 2012 closeout process, DHR recorded an unprovided for payable in this program of $3.3 million total funds ($2.4 million general funds and $0.9 million federal funds). This language restricts the general fund appropriation from the MLSP for legal representation in CINA and TPR cases to that purpose and if it is not needed for that purpose, requires the funds to revert to the general fund.

2. Add the following language to the federal fund appropriation:

    , provided that $4,836,650 of this appropriation made for the purpose of legal representation in Children in Need of Assistance and Termination of Parental Rights cases may only be expended for that purpose. Funds not expended for this restricted purpose may not be transferred by budget amendment or otherwise to any other purpose and shall be cancelled.

    Explanation: In fiscal 2012, the Department of Human Resources (DHR) transferred approximately $1.0 million of general funds from the Maryland Legal Services Program (MLSP) for legal representation in Children in Need of Assistance (CINA) and Termination of Parental Rights (TPR) cases to other agency purposes during the closeout process. Also during the fiscal 2012 closeout process, DHR recorded an unprovided for payable in this program of $3.3 million total funds ($2.4 million general funds and $0.9 million federal funds). This language restricts the federal fund appropriation from MLSP for legal representation in CINA and TPR cases to that purpose, or if not needed for that purpose, requires the funds to be cancelled.

Updates

1.   Maryland Women's Heritage Center Funding Sustainability Plan

Due to concern about the sustainability of the Maryland Women's Heritage Center (MWHC) without State support, the 2012 JCR requested that DHR, in conjunction with the Maryland Commission for Women and Maryland Department of Planning (MDP), work with MWHC to develop a plan on funding sustainability and the amount of State support needed annually to maintain operations. The narrative also expressed intent that State support for MWHC be provided in the fiscal 2014 budget in either DHR or MDP. The report was submitted on October 15, 2012. Supplemental Budget No. 1 in the 2012 session provided $250,000 in fiscal 2013 to MDP for a grant to MWHC.

Background

MWHC became a nonprofit organization in 2007, following more than 20 years of a collaborative effort between the Maryland Commission for Women and the Maryland State Department of Education. MWHC currently resides in a donated space in Baltimore City and hosts the Maryland Women's Hall of Fame. MWHC has 2.5 staff and volunteers that support its work. MWHC has been open to the public four days per week since June 2010.

State Support

Although MWHC has its own staff, the State has provided support through a shared position with the Maryland Commission for Women since 2007. The shared staff position works at MWHC two days per week conducting and assisting with the development of outreach activities (including outreach to businesses, foundations, schools, and community organizations to increase awareness and gather support and outreach to museums, related organizations, and institutions of higher learning for partnership, collaborative programs, and exhibits); working with the Board of Trustees and advisory committees on development of policies, procedures, strategic plans, objectives, and vision; assisting with the determination of how rooms/exhibits will be utilized; and assisting with development of program recommendations.

MWHC has also received funds in the State budget through MDP in several years ($250,000 in each of fiscal 2007, 2008, and 2013). Despite several years of State funding, MWHC has operated at a deficit in multiple years.

Funding Sustainability Plan

Several financial concerns regarding MWHC were highlighted in the report including that:

●   MWHC had operated at a deficit in three of four years between fiscal 2008 and 2011 with a total deficit of $117,883;

- MWHC has heavily relied on State support for revenue (only $151,051, or 40.09%, was obtained from other sources between fiscal 2008 and 2011); and

- MWHC spends very little on programming (5.12% of expenditures between fiscal 2008 and 2011) relative to staffing (40.7%), and nonstaffing operational costs (54.15% of expenditures between fiscal 2008 and 2011), which was considered unusual for an organization of this type.

The primary recommendation of the report focused on conducting a strategic planning process during which MWHC would identify performance measures to be tracked, assess staffing requirements, and identify whether the organization will operate as a community/cultural center or museum. The report also recommended that MWHC begin routinely completing audited annual financial reports. In addition, the report recommended that MWHC consider connecting with another museum if it intends to remain in downtown Baltimore City.

The response did not include a funding sustainability plan as requested because there was not sufficient information to use as a basis to form the plan. Specifically, the response noted that there were not three years of audited financial statements or a strategic plan. As a result, the response also did not provide an amount of State support that is needed for MWHC. DHR will provide assistance beginning in fiscal 2013 to support MWHC's budgetary and accounting capacity and either conduct a financial audit or help MWHC prepare for an outside firm to conduct such an audit.

The response did, however, include a recommendation on the use of the fiscal 2013 State funds provided to MWHC. Under this recommendation, the funds would be used to support the strategic planning process ($50,000) and provide operational support in each of fiscal 2013 and 2014 ($100,000 in each year). The response recommended a cash match requirement for these funds of 25% in fiscal 2013 and 50% in fiscal 2014.

Recent Activity

Ultimately, the use of the funds is at the discretion of MWHC. MDP, as the granting entity, did not require the match recommended in the JCR response. MDP is disbursing the funds to MWHC in multiple phases. The first disbursement consisted of $150,000. The remaining $100,000 will be disbursed in two phases: (1) approximately on March 15, 2013, following a mid-project report; and (2) approximately on August 30, 2013, following a final project report. No funds were provided to MWHC in MDP or DHR Administration in the fiscal 2014 budget.

2.   **Status of Corrective Actions Related to Performance Audit on Information System Data Security**

In September 2012, the Office of Legislative Audits (OLA) released a performance audit of DoIT and selected State agencies' information system data security. The performance audit had two objectives: (1) evaluate State law and DoIT's Information Security Policy; and (2) evaluate State agency compliance with DoIT policy and industry best practices. OLA surveyed approximately

100 State agencies to identify the scope of agency systems and agencies that have information systems containing private or sensitive data. OLA received 58 responses, 49 of which indicated that the agency had private or sensitive data in the agency's information systems. OLA then selected 5 State agencies to review based on the survey response and OLA's own determination during standard fiscal compliance audits. OLA reviewed the information systems of the Comptroller of Maryland, the Department of Health and Mental Hygiene, the Department of Public Safety and Correctional Services, the Maryland Department of Transportation Motor Vehicle Administration, and DHR. The review and testing was completed between May and December 2011.

In general, OLA determined that none of the agencies reviewed had implemented all of the required information security program components, but each of the five agencies had implemented components. OLA's report contained seven findings related to State agencies compliance with industry best practices and the Information Security Policy elements. DHR was mentioned in five of the findings.

Status of the Resolution of Findings

OLA determined that DHR was one of three agencies that did not assign security categories to any of the department's information systems. Security category levels are designed to provide a framework for management and oversight of information security programs and help an agency determine the level of effort needed to develop controls and address risks for particular systems. DHR explained that it completed the security categorization of the department's information systems in June 2012.

OLA noted that DHR was one of two agencies in which the information security policy was either not agency-specific or did not include all required components. OLA explained that DHR's policy did not address security certification and accreditation. DHR commented that the department has since added a section on security certification and accreditation to the policy.

OLA found that none of the five agencies had fully implemented risk management processes. In particular, DHR was one of two agencies that had completed risk assessment for the data centers housing the information systems, but the risk assessments did not address unique risks of individual systems. DHR explained that it has since created a risk assessment policy. DHR plans to perform risk assessments prioritized by the assigned security category beginning March 2013.

OLA determined that four agencies did not always provide or track employee security awareness training. DHR was one of three agencies that did not adequately ensure or document the training. Although DHR tracked locations that training staff visited, the agency did not track employee attendance or have records of employee training in this area. In May 2013, DHR plans to procure online security awareness training for its staff, which would be deployed by July 2013. Also, by July 2013, DHR plans to develop a policy and procedures to ensure that employees are completing the security awareness training.

Finally, DHR was one of two agencies that did not ensure that confidential information on agency-issued portable devices was protected from disclosure (*i.e.,* encrypt the data). DHR has since

created a system capable of managing the encryption hardware needs for portable devices. DHR plans to complete the statewide implementation of encryption to portable media devices in late February 2013. In addition, DHR plans to update the existing policy on portable media to improve compliance and create a process to periodically verify that the portable devices hosting confidential information are properly protected in February 2013.

Current and Prior Year Budgets

Current and Prior Year Budgets
DHR – Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$91,215	$4,098	$83,296	$375	$178,984
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	8,955	3,048	4,479	0	16,482
Reversions and Cancellations	0	-321	-15,598	-375	-16,294
Actual Expenditures	**$100,170**	**$6,824**	**$72,177**	**$0**	**$179,172**
Fiscal 2013					
Legislative Appropriation	$93,151	$3,358	$83,388	$0	$179,896
Budget Amendments	0	175	244	0	418
Working Appropriation	**$93,151**	**$3,532**	**$83,631**	**$0**	**$180,314**

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

In total, DHR Administration's fiscal 2012 expenditures were $187,458 higher than the legislative appropriation. DHR's general fund expenditures were approximately $9.0 million higher than the legislative appropriation. Approximately $4.0 million of this increase is due to salary and wages adjustments in various programs. Other increases occurred in a number of areas including:

- the MITDP for the ECMS/BPMS contracts ($2.0 million);

- contractual full-time equivalents in the Office of the Secretary; the Office of Grants Management; the Division of Budget, Finance, and Personnel; and the Division of Administrative Services ($861,743);

- the Division of Administrative Services due to higher than anticipated communications costs including postage for various mailings, emergency operations, payroll check distributions, telecommunications, and wireless charges ($745,473);

- Saratoga State Center rent ($540,923);

- the Division of Administrative Services for model office improvements and certain emergency operations activities ($456,033);

- various programs to fund the $750 one-time bonus provided to State employees ($389,869); and

- MLSP for legal representation for indigent adults in Adult Protective Services and Adult Public Guardianship cases ($379,379).

    These increases are partially offset by decreases in the following areas:

- MLSP for legal representation in CINA and TPR cases ($1.0 million);

- OTHS due to lower than expected costs for infrastructure upgrades ($109,973); and

- the Division of Administrative Services due to lower than expected postage costs and other communications charges related to model office improvements ($95,463).

DHR Administration also reverted a limited amount of funding in various programs.

The special fund expenditures of DHR Administration were $2.7 million higher than the legislative appropriation. The largest increase provided Child Support Reinvestment Funds for the ECMS/BPMS contracts ($2.7 million). The remaining increases supported salary and wage adjustments, including indirect expenses for the Electric Universal Services Program ($355,239), and

the $750 one-time bonus provided to State employees ($13,132). Special fund cancellations were associated with lower than expected expenditures for the OHEP data system maintenance contract ($190,515) and salaries for the Victims of Crime Assistance Program ($130,922). Although the Victims of Crime Assistance Program was transferred to the Governor's Office for Crime Control and Prevention, some funding remained in DHR Administration for local departments which continued to provide services through this program.

DHR Administration's federal fund expenditures were $11.1 million lower than the legislative appropriation. Budget amendments increased the appropriation in the following areas:

● the Office of Grants Management for the costs associated with the federal food commodities in the Temporary Emergency Food Assistance Program ($3.0 million);

● the MITDP for project management for the ACA-related information technology project ($854,031);

● various programs to support the federal fund share of the $750 one-time bonus provided to State employees ($259,957);

● the Division of Administrative Services for model office improvements ($245,227); and

● the Office of Grants Management for the Access and Visitation Program ($93,918).

These increases were more than offset by federal fund cancellations totaling $15.6 million, representing lower than expected attainment of Title IV-E, Supplemental Nutrition Assistance Program, Medical Assistance Program, Child Care Development, Promoting Safe and Stable Families, Child Abuse and Neglect, and Independent Living funds. These funds were intended primarily to support salaries and wages, leases, travel, telecommunications, utilities, and contracts (including legal representation for CINA and TPR cases, IT hosting and maintenance contracts, the ECMS/BPMS project, and the ACA-related MITDP, and other IT contracts). A cancellation of $1.5 million due to lower than expected Title IV-E attainment in MLSP is particularly notable given the $3.3 million unprovided for payable recorded in that program in the fiscal 2012 closeout, including $0.9 million of federal funds. The ECMS/BPMS project was underbudgeted initially and ultimately funded in fiscal 2012 primarily with Child Support Reinvestment Funds and general funds rather than the initially budgeted Medical Assistance Program funds. The Medical Assistance Program funds were budgeted in error for this project and were intended to be replaced with TANF funds, but only a limited amount of TANF was actually available for the project. The Child Support Reinvestment Funds used for this project ($2.7 million) were brought forward from fiscal 2013.

Fiscal 2013

DHR Administration's fiscal 2013 appropriation has increased by $417,961 in total funds ($174,402 in special funds and $243,559 in federal funds) to support the 2% COLA provided to State employees in fiscal 2013.

Local Department Operations Audit Findings

Audit Period for Last Audit:	April 4, 2008 – June 30, 2011
Issue Date:	May 2012
Number of Findings:	6
Number of Repeat Findings:	3
% of Repeat Findings:	50%
Rating: (if applicable)	n/a

Finding 1:   The most recent OIG audits of LDSS indicate a number of reportable conditions and repeat findings.

Finding 2:   **Foster care case files were missing or incomplete, and the eligibility of certain foster care children for federal aid was not determined timely.**

Finding 3:   OIG reported numerous deficiencies related to critical areas subject to policies of the FIA by LDSSs.

Finding 4:   **Controls over bank accounts, corporate purchasing cards, gift cards, procurements, and cash receipts were inadequate.**

Finding 5:   Users' access to certain key computer systems was not properly restricted or monitored.

Finding 6:   **Medicaid eligibility determinations for long-term care recipients were not always proper.**

*Bold denotes item repeated in full or part from preceding audit report.

Major Information Technology Projects

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DHR – Administration
Enterprise Content Management System/Business Process Management System

Project Status[1]	Implementation.	**New/Ongoing Project:**	Ongoing, although no funding currently available in the fiscal 2013 budget.
Project Description:	This project will enable the Department of Human Resources (DHR) to implement an enterprise content management system to capture, maintain, manage, and share documentation both within DHR and between DHR and business partners. The project includes the implementation of a document imaging system, as well as other solutions for the agency's business needs. The project will be standardized in hardware, software, business process, and conversion or "clean-up" activities. The project will also provide workflow and reporting changes necessary to image, track, and retrieve case documentation across jurisdictions and DHR administrations. The statewide rollout will address customized local office solutions, promote workflow efficiencies, and enable quicker sharing of application information.		
Project Business Goals:	This project allows DHR workers to access and store case information electronically. The project provides for the sharing of electronic verification and the centralized processing of cases. The project is expected to reduce paper files and the costs associated with maintaining/storing paper files. The project is also important in sustaining the success in case processing timeliness that DHR achieved with compliance with the *Thompson v. Donald* case.		
Estimated Total Project Cost[1]:	$15.3 million (through the first year of operations and maintenance only costs)	**Estimated Planning Project Cost[1]:**	n/a
Project Start Date:	August 2011	**Projected Completion Date:**	June 2013 (implementation in all offices) additional work to develop reports may add time.
Schedule Status:	The new system has been implemented in 23 of 24 jurisdictions, Montgomery County Department of Health and Human Services offices are scheduled for implementation June 10, 2013. The schedule was delayed from statewide rollout plan provided by the department in the 2012 session. The statewide rollout was extended due to addition of offices in Prince George's County, Baltimore County (Towson Office), and Montgomery County that had an existing customized local solution.		
Cost Status:	Fiscal 2012 expenditures were higher than initially expected based on the contract award and modification of the existing hosting contract. DHR indicates that the higher expenditures (approximately $0.5 million) resulted from the purchase of more scanners than originally planned. The purchase of additional scanners allows for a lower number of workers per scanner.		
Scope Status:	As initially planned, the local offices with existing customized document imaging systems were expected to be integrated into the Statewide Electronic Data Repository but not necessarily have the existing system replaced. However, DHR later decided to include the offices (listed above) into the statewide system. In addition, DHR has explained that more scanners have been purchased than originally planned due to worker needs.		

Project Management Oversight Status:	In addition to standard DHR project management oversight process, DHR has included the project in portfolio review meetings. The fiscal 2014 allowance includes $245,486 for the Department of Information Technology oversight of this project.
Identifiable Risks:	DHR currently has no funding in the fiscal 2013 budget to support this project, but anticipates spending a total of $3.8 million in fiscal 2013. DHR has also identified three risks: (1) organization change management and training including new business process; (2) limited availability of subject matter expects, but these experts are important to process; and (3) challenge of ensuring stakeholder involvement.
Additional Comments:	The project was originally funded in fiscal 2011 with $14.0 million from the Temporary Assistance for Needy Families funds available from the American Recovery and Reinvestment Act of 2009 as two separate projects. The projects were combined because the work was later determined to be related. The project also received a $550,000 deficiency appropriation for fiscal 2010 for consultant services. Due to the timing of the contract award, DHR later cancelled approximately $13.7 million of the fiscal 2011 appropriation. Funding was then expected to be available as needed based on contract needs. The fiscal 2012 budget included an additional $1.4 million, which was not sufficient to support the project, and additional funding was provided from the general fund ($2.0 million) and Child Support Reinvestment Funds ($2.6 million) during the closeout process. In total, $5.4 million was spent in fiscal 2012. As noted, DHR's fiscal 2013 budget does not contain funding to support the contract needs in that year, although DHR expects to spend $3.8 million in that year. This amount is included in the prior year funding column below even though the amount is not currently included in the fiscal 2013 budget. DHR anticipates expenses beyond fiscal 2015, but these represent ongoing operations costs.

Fiscal Year Funding ($ in Thousands)	Prior Years	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Balance to Complete	Total
Personnel Services	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Professional and Outside Services	9,505.1	4,909.7	917.9	0.0	0.0	0.0	917.9	15,332.8
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	**$9,505.1**	**$4,909.7**	**$917.9**	**$0.0**	**$0.0**	**$0.0**	**$917.9**	**$15,332.8**

[1] In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Automated Financial System

Project Status[1]	Planning.	**New/Ongoing Project:**	New.
Project Description:	Replace the Department of Human Resources' (DHR) existing Automated Financial System, which is used by the local departments of social services (LDSS) to record financial transactions of the LDSS; set up, print, and track vendor payments (including those for child care and foster care providers); and generate various financial reports. The project will lower costs of system support and maintenance because the existing system uses an outdated language. The project will also improve security and performance, as well as improve ease of use.		
Project Business Goals:	The new Automated Financial System is expected to improve ease of use, eliminate workarounds necessitated by the difficulty of updating the current system, and reduce cost of maintenance and support of the system. The new system is also expected to consolidate financial information and reduce the time it takes to generate vendor payments. DHR indicates the new system will also allow for the system to be easier to modify and enhance as State and federal requirements change. This project also supports the goal of the agency to standardize the development environment and allow the agency centralize hardware, functionality, and data.		
Estimated Total Project Cost[1]:	n/a (project is only in the planning phase)	**Estimated Planning Project Cost[1]:**	$350,000
Project Start Date:	July 1, 2013	**Projected Completion Date:**	March 1, 2014 (planning only).
Schedule Status:	This is a new project and not expected to begin the planning phase until July 1, 2013.		
Cost Status:	This is a new project and not expected to begin the planning phase until July 1, 2013.		
Scope Status:	This is a new project and not expected to begin the planning phase until July 1, 2013.		
Project Management Oversight Status:	This is a new project. DHR intends to use its Project Management Office contract to oversee the project implementation. In addition, the funding includes $50,000 for project oversight.		
Identifiable Risks:	DHR initially has not identified high risks for this project, the only medium level risk identified is resource availability. DHR plans to review the updated work plans on an ongoing basis to ensure that resources are sufficient to complete the project.		
Additional Comments:	Additional detail on project schedule, scope, and cost will be available after DHR completes the first step of the two-step approval process.		

Fiscal Year Funding ($ in Thousands)	Prior Years	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Balance to Complete	Total
Personnel Services	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Professional and Outside Services	0.0	350.0	0.0	0.0	0.0	0.0	0.0	350.0
Other Expenditures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	**$0.0**	**$350.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$350.0**

[1] In calendar 2011, a two-step approval process was adopted. Initially, an agency submits a Project Planning Request. After the requirements analysis has been completed and a project has completed all of the planning required through Phase Four of the Systems Development Lifecycle (Requirements Analysis), including a baseline budget and schedule, the agency may submit a Project Implementation Request and begin designing and developing the project when the request is approved. For planning projects, costs are estimated through planning phases. Implementation projects are required to have total development costs.

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	896.00	892.00	892.00	0.00	0%
02 Contractual	39.86	2.90	2.90	0.00	0%
Total Positions	**935.86**	**894.90**	**894.90**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 66,388,414	$ 65,644,325	$ 68,443,338	$ 2,799,013	4.3%
02 Technical and Spec. Fees	1,482,656	389,519	363,052	-26,467	-6.8%
03 Communication	7,766,334	8,241,095	8,296,159	55,064	0.7%
04 Travel	225,806	182,002	189,312	7,310	4.0%
06 Fuel and Utilities	418,758	445,336	420,285	-25,051	-5.6%
07 Motor Vehicles	403,349	393,461	413,019	19,558	5.0%
08 Contractual Services	78,872,510	83,341,966	83,867,709	525,743	0.6%
09 Supplies and Materials	1,679,519	1,248,441	1,279,176	30,735	2.5%
10 Equipment – Replacement	2,688,550	1,488,601	2,351,854	863,253	58.0%
11 Equipment – Additional	184,321	572,837	590,040	17,203	3.0%
12 Grants, Subsidies, and Contributions	9,358,318	8,942,070	7,841,687	-1,100,383	-12.3%
13 Fixed Charges	9,703,041	9,424,445	9,143,960	-280,485	-3.0%
Total Objects	**$ 179,171,576**	**$ 180,314,098**	**$ 183,199,591**	**$ 2,885,493**	**1.6%**
Funds					
01 General Fund	$ 100,170,073	$ 93,150,755	$ 94,719,077	$ 1,568,322	1.7%
03 Special Fund	6,824,170	3,532,055	3,321,117	-210,938	-6.0%
05 Federal Fund	72,177,333	83,631,288	85,159,397	1,528,109	1.8%
Total Funds	**$ 179,171,576**	**$ 180,314,098**	**$ 183,199,591**	**$ 2,885,493**	**1.6%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
DHR – Administration

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 Office of the Secretary	$ 11,896,056	$ 12,110,162	$ 13,323,593	$ 1,213,431	10.0%
02 Citizen's Review Board for Children	1,052,688	848,258	890,933	42,675	5.0%
03 Commissions	187,035	190,561	196,974	6,413	3.4%
04 Legal Services Program Management	13,614,331	13,314,911	13,309,142	-5,769	0%
05 Office of Grants Management	15,551,752	13,120,618	11,757,742	-1,362,876	-10.4%
01 Division of Budget, Finance and Personnel	17,846,151	22,426,065	21,642,496	-783,569	-3.5%
02 Division of Administrative Services	11,306,535	8,649,542	9,251,753	602,211	7.0%
02 Major Information Technology Development Projects	5,822,267	1,000,000	2,500,118	1,500,118	150.0%
04 General Administration	61,437,255	67,474,475	67,951,755	477,280	0.7%
05 General Administration	40,457,506	41,179,506	42,375,085	1,195,579	2.9%
Total Expenditures	**$ 179,171,576**	**$ 180,314,098**	**$ 183,199,591**	**$ 2,885,493**	**1.6%**
General Fund	$ 100,170,073	$ 93,150,755	$ 94,719,077	$ 1,568,322	1.7%
Special Fund	6,824,170	3,532,055	3,321,117	-210,938	-6.0%
Federal Fund	72,177,333	83,631,288	85,159,397	1,528,109	1.8%
Total Appropriations	**$ 179,171,576**	**$ 180,314,098**	**$ 183,199,591**	**$ 2,885,493**	**1.6%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.