Approved by:

/s/ Tom Landwehr, Commissioner Date: June 4, 2012

Minnesota Department of Natural Resources



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# Shared Services Governance Framework

**Operational Order 122**

**Policy Owner** Marcia Honold, Planning Director, Operations Services Division

**Related Policies**

**Related Procedures** Shared Services Governance Board Procedures

**Effective Date June 4, 2012**

**Last Update** N.A.

**Next Review Date** 2016

# Policy Statement

DNR’s Shared Services operate within a governance framework to deliver services that are responsive, efficient, and meet departmental business needs.

# Purpose and Scope

The purpose of the Shared Services Governance Framework Operational Order is to describe the framework used to deliver DNR centralized business functions, commonly referred to as shared services.

The governance framework establishes the roles and responsibilities for the Shared Services Governance Board, advisory groups, the staff liaison, service providers, and senior managers. The framework for shared services provides the structure required for financial management and business operations, decision-making authorities, service delivery, reporting and evaluation of services, and internal controls.

# Procedures

The Commissioner is responsible for Shared Services Governance and assigns the Service Providers with the responsibility to provide services at a specific level in the Service Level Agreement. The Commissioner assigns Division Directors with the responsibility to comply with the responsibilities detailed in the SLA. The Board makes recommendations to the Commissioner about changes or amendments to SLAs. The Commissioner may approve, deny, or amend any recommendation from the Board.

The Commissioner can make new initiatives, reductions in shared services, or SLA amendments any time. The Board, the Senior Management Team, the Service Provider, or the Advisory Group Chairs may initiate requests for changes to SLAs according to timeframes and processes established by the Board.

**Reporting and Evaluation**

Reporting and evaluation of the services provided are an important principle of the governance framework and can facilitate continuous improvement. Service providers prepare and submit biennial reports to the Shared Services Board for each service provided by December of odd-numbered years. Reports include a summary of the services and products provided, a financial summary of revenues and expenditures, and an analysis of the changing business needs of the organization relevant to the services provided.

**Audit Plan**

The Shared Services Board works with the internal auditor to develop a biennial audit plan for shared services for the Commissioner.

# Roles and Responsibilities

Shared services governance is the responsibility of the Commissioner, who provides overall executive direction. The Commissioner assigns oversight of shared services to the Shared Services Governance Board, which oversees the business operations for Shared Services. The Commissioner makes the final decision on Board recommendations and approves shared services costs, resources, and service levels.

**Shared Services Governance board**

The Commissioner assigns oversight of shared services to the Shared Services Governance Board, including the Deputy Commissioner (Board Chair) and five Senior Managers:

* Deputy Commissioner (one position – serves as Chair of the Board)
* Division Directors (two positions)
* Regional Director (one position)
* Section Administrator (one position)
* Director of Operations Services/Ex-Officio member (one position – non-voting)

Members are appointed by the Commissioner to staggered terms, except for the Chair and Ex-Officio member, who serve until a replacement is named. Through the Advisory Groups, the Board evaluates performance measures, including the level, quality, and cost of the service provided. The Board also evaluates how well the services support the conservation work of the department.

The Board’s responsibilities are to:

* Guide decisions regarding the scope, quality and cost of shared services
* Identify strategic issues and set direction within the boundaries established by the Commissioner
* Provide direction and oversight to the advisory groups
* Evaluate performance against established performance measures
* Ensure that each Service Providers’ Service Level Agreements are evaluated regularly
* Make recommendations to the Commissioner about service levels and the costs and resources required to provide such services
* Represent department-wide interests
* Consult regularly with senior managers
* Create advisory groups and committees to assist the Board with their work
* Determine business operations
* Create operating policies and procedures as needed

**Advisory Groups**

The Advisory Groups serve as advisors to the Board and are convened at the request of the Board. The Board appoints members and the chairs for each advisory group for staggered terms. Groups include Workforce Management, Finance and Management Services, Information Services, and Asset Management. The Advisory Groups’ responsibilities are to:

* Review and recommend Service Level Agreements for consideration by the Board including; the level of service to be provided, cost allocation, standards and performance measures and the roles and responsibilities of the provider and customers
* Provide guidance on policies, processes, standards and procedures
* Review biennial reports and evaluate services delivered and performance against business needs of the agency
* Assess and recommend new initiatives (increases and decreases in the level of service)
* Represent department wide interests

**Staff Liaison**

The staff liaison position provides professional staff services to the board, the advisory groups, and the service providers. The role of the staff liaison is to:

* Work closely with the Board, advisory groups, section administrators, and other stakeholders to ensure implementation of the shared services system and guide a coordinated work effort
* Manage the process for producing SLAs
* Support the Board in the evaluation of shared services
* Promote effective communications about shared services within the department
* Provide staffing support to the Board meetings and ensure that the work of the Board is supported through agenda setting, preparation of Board packets and meeting minutes, and maintaining official records
* Assure that internal billing, revenue collection, and reporting are consistent with approved SLAs

**Service Providers**

The Division of Operations Services is the sole provider of shared services and is responsible for the design and delivery of centralized business services described in the SLAs. In the future, other divisions within the agency may be identified as shared services providers. The Service Providers’ responsibilities are to:

* Seek regular input from customers
* Understand and respond to the business needs of the agency
* Prepare Service Level Agreements for review by the Advisory Groups and consideration by the Board
* Efficiently and effectively provide services as defined in the Service Level Agreements
* Manage programs and services consistent with policies, rules and laws
* Prepare biennial reports
* Seek opportunities to continuously improve the quality, quantity and cost of services provided
* Design effective and efficient policies and procedures with customer input

**Senior Managers**

Senior managers are the executive customers of shared services. As the executive customer, they are responsible to:

* Provide timely and constructive feedback through the Shared Services Board and to the Service Providers
* Assign staff to serve on Advisory Groups
* Determine the funding source for services provided
* Continuously working to control costs
* Communicate within the division about decisions relating to shared services

# Contacts

Marcia Honold, Planning Director

Division of Operations Services

651-259-5527

marcia.honold@state.mn.us

# Definitions

**Service Level Agreements.** Service Level Agreements (SLAs) are contracts between the Service Providers and the Commissioner. The SLAs summarize the Commissioner’s delegation of obligations with the Service Providers and describe the financial and service relationship between the Service Providers and the DNR units. SLAs contain a description of the services provided, management objectives and functions, performance measures, scope of responsibilities, funding, performance assessment, and customer obligations. The Board reviews and recommends approval of SLAs. Service Level Agreements are established in odd number years to cover a two-year period of service. This biennial planning framework allows shared services customers to plan for changes in the level or cost of service.

**Shared Services.** Shared services are the department’s centralized business services. Governed by the Shared Services Governance Board, these centralized functions help the department accomplish its natural resources mission. Examples of DNR shared services include budget and financial, planning and management, communication and outreach, facilities management, information technology, procurement, fleet, safety, and human resources services.

**Shared Services Financial Management Structure.** Shared services are paid for across all units on a fee for service basis and are administered through Service Level Agreements (SLAs). The complex financial and operating environment of the department must be considered when determining service indices and rates. Given this environment the following principles are followed in the financial management structure for shared services:

* Division Directors have the authority to determine the funding source for services to ensure the fund integrity is maintained.
* All financing decisions must meet federal and state audit requirements.
* Service providers manage the delivery of services at the lowest possible cost while meeting the business needs of the agency.
* Costs are consistent, transparent, and fair and create incentives for customers to control costs.
* The revenue model provides financial stability, manageability, and capacity for continuous improvement.
* Rates and fees are established to recover the full costs of providing the service.

# Forms and Instructions

Official records, such as copies of meeting minutes, reports, Services Level Agreements, amendments, procedures, policies, etc., are maintained by the staff liaison and are also located on DNR’s Intranet.

# History

Laws 2005, chapter 1, section 3 (DNR appropriations)

* The FY06-07 appropriations for the DNR included a shift of direct appropriations from Human Resources and Management Resources to the division programs.

Laws 2007, chapter 57, section 4 (DNR appropriations)

* The FY08-09 appropriations for the DNR included a shift of direct appropriations from Office of Management and Budget Services and Information & Education to the division programs.

Additional Authorities:

* *Minnesota Statutes*, section 84.025, subdivision 9 – Contracts for Professional and Maintenance Services
* *Minnesota Statutes*, section 84.0856 – Fleet Management Account
* *Minnesota Statutes*, section 84.0857 – Facilities Management Account
* *Minnesota Statutes*, section 16A.055 – Commissioner’s Duties

**Amended:**

**N.A.**

**Supersedes:**

**N.A.**