

Performance Review: Department of Administration, Finance
Division, Shared Services Section

PERD's Objectives:

Determine the extent to which the Shared Services Section saves the State money by conducting accounting and financial reporting services for other state agencies at a lower cost.

Determine if the Finance Division's website is user-friendly and transparent.

Key Recommendations:

The Legislature should amend West Virginia Code §5A-2B-3(a) to allow the deputy director of the Shared Services Section to decline entering into a mandatory agreement with a spending unit if such an agreement becomes an additional cost or creates staffing problems for the spending unit.

Pursuant to West Virginia Code §5A-2B-2(b), the Shared Services Section should have all spending units annually report their cost information using Shared Services' cost-performance metric, and determine which spending units are required to enter into agreements with the Shared Services Section.

Agency Purpose: The purpose of the Shared Services Section (Shared Services) is to realize cost savings by providing accounting and financial reporting services to state spending units at a lower cost than if they provided the services themselves (West Virginia Code §5A-2B-1).

What Did PERD Find? Shared Services is realizing cost savings of nearly \$1 million by providing financial and accounting services to some state agencies (see Table 2), but improved compliance with its enabling statute would increase cost savings.

Table 2 Estimated Cost Savings for Spending Units Under Shared Services' Agreements FY 2019-2023					
	2019	2020	2021	2022	2023
Number of State Agencies Using Shared Services	42	45	47	47	44
Estimated Cost for Spending Units to Conduct Their Own Financial Services	\$1,554,000	\$1,840,000	\$1,932,000	\$1,978,000	\$2,070,000
Baseline Cost for Shared Services	\$941,000	\$963,387	\$1,066,029	\$1,014,271	\$1,127,680
Estimated Cost Savings to State	\$613,000	\$876,000	\$917,000	\$963,000	\$942,000
<i>Source: The Finance Division, the Department of Administration.</i>					

PERD also found the following:

- Shared Services did not send a cost-performance metric each year to all spending units beginning in 2019, as required by W. Va. Code §5A-2B-2(b), to determine spending units' costs and compare them against Shared Services' cost in performing accounting and financial reporting services.
- Shared Services did not require spending units with only one full-time equivalent position or less dedicated to providing accounting services to enter into an agreement with Shared Services as required by W. Va. Code §5A-2B-3(c).
- Spending units that canceled their agreement with Shared Services were not required to document that they could provide their own financial services at a lower cost than Shared Services prior to canceling the agreement (W. Va. Code §5A-2B-3(f)).
- The Finance Division's website needs more improvements to enhance user-friendliness and transparency.