

MINISTRY OF FINANCE

REVENUE SERVICES OF BRITISH COLUMBIA REPORT

January - December 2008



Ministry
of Finance

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Overview

The Ministry of Finance is committed to providing a Centre of Excellence for Revenue Management in the Province of British Columbia. As a public sector leader in revenue management, the Ministry is:

- Responsive to customer needs by continuously improving customer service.
- Streamlining the way government collects revenue by providing cost effective and efficient delivery of service to British Columbians.
- Maximizing revenue recovery to support important public services, such as health care and education, for British Columbians.

The Ministry relies on both Ministry staff and a private sector service provider to deliver revenue management programs and services.

The Province of British Columbia has a 12 year Agreement with EDS Advanced Solutions Inc. (Service Provider), a British Columbia company, to deliver selected revenue management services. Under the terms of the Agreement, these services are provided under the Province's official brand and mark, Revenue Services of British Columbia, on behalf of the Province of British Columbia.

The Agreement will generate projected net benefits of \$517 million to the Province over the 12 year period¹ and leverage private sector expertise, technology and investment capital. In addition, the Agreement transfers the up-front investment and project implementation risk of leading edge technological solutions from the Province to the Service Provider.

Background

Historically, revenue management has been dispersed across government, with monies owed collected by ministries through as many as 40 different recovery systems. This has resulted in challenges in revenue recovery and data integrity, antiquated and overloaded technology systems, and the potential for delayed collections and inconsistent application of policies. As a result, government's over 90-day accounts receivable, bad debt provisions and write-offs were increasing, and customers were experiencing multiple contacts with different ministries.

In response to this challenge, the Ministry developed a Centre of Excellence approach for revenue management focused on streamlining and simplifying revenue management across government while ensuring excellence in customer service. Objectives included:

¹ Refer to Financial Benefits on page 8 for detailed information.

- Maintaining the government's high standard of privacy and security protection.
- Improving customer service.
- Maximizing revenue collection within the principles of fairness and equity.
- Integrating revenue streams from across government.
- Improving the cost effectiveness of government's collection methods.
- Increasing multi-channel service delivery.

EDS Advanced Solutions, Inc. was the successful proponent of an extensive procurement process to confirm an alternative service delivery provider. Operating under the Province's official branch and mark, Revenue Services of British Columbia business responsibilities include:

- Excellence in customer service, focused on citizen-centred service delivery to ensure public services are more accessible, responsive and customer-friendly.
- Compliance with stringent privacy, confidentiality and contractual security provisions for the protection of British Columbians' personal information.
- The creation and operation of a streamlined and simplified revenue management system, including the implementation of new technology and business transformation to support account management, billing, payment processing, tax return processing and collections activities.
- Implementation of timely and innovative information technology solutions and support for the Ministry of Finance, revenue functions.

Revenue management services provided by Revenue Services of British Columbia vary by revenue portfolio, depending on the program and client ministry needs.

Status Update

Major improvements during 2008 include:

- Implementation of an Interactive Voice Recording (IVR) that provides customers with an automated self service option to check account balances and payments without having to speak to an agent.
- Implementation of Imaged Based Workflow transports and high speed Opex mail extractor/scanner in preparation for full image based workflow in 2009. This will increase processing efficiency and reduce manual processing errors.

Implementing a Revenue Management System

The development of a revenue management system is a key component of the Agreement with the Service Provider. The vision for revenue management in government is reflective of the broader government commitment to enhance the way services are provided to British Columbians. This broader vision calls for a citizen-centred approach to service delivery, where information is more easily shared, personal information is protected and access is improved by providing services electronically.

The Service Provider is responsible to design, implement and maintain an efficient and effective revenue management system that consolidates revenue management business processes and applications for government.

The first release of the revenue management system was implemented in April 2006. With the implementation of the revenue management system, the Province and customers of Revenue Services of British Columbia are realizing the benefits originally envisioned for this project:

- Better access to the right information at the right time.
- Improved privacy protection.
- Consolidation of account, bill, pay and collect revenue management functions within one system.
- Improved and streamlined revenue management business functions.
- Increased ability to collect outstanding amounts owed to the Province.
- Creation of a platform for revenue management that can be leveraged by other ministries.
- Timely and accurate financial reporting to the Office of the Comptroller General.
- Improved reporting and performance management.

A Planned release of the revenue management system will be implemented in 2009 and will provide eService functionality for customers. This will include online account and statement inquiry, electronic bill issuance and presentment, online customer information, and online credit card payments. This new functionality will be designed to ensure the continued protection of personal information.

Realizing Financial Benefits

Revenue Services of British Columbia will generate benefits over the term of the Agreement by improving the collection of accounts receivable and reducing the associated bad-debt expense and borrowing costs. A portion of the additional

revenue collected will be shared with the Service Provider to offset the investment the Service Provider is making in business processes, technology and increased operational capacity.

The gross financial benefits of the Agreement, realized through increased revenue collection, are estimated at \$905 million over 12 years. The Service Provider's share of these estimated benefits is \$288 million. The Province's share is \$617 million. Estimated net benefits for the Province total \$517 million over 12 years. This total is net of ongoing operational and infrastructure costs.

In the first four years of the Agreement, the Province is on track to realize the projected benefits.

Protection of Privacy

The Province of British Columbia is committed to the protection of personal information without compromise. This commitment is reinforced under the Agreement with the Service Provider. Prior to signing the Agreement with the Service Provider, a rigorous privacy framework was developed by the Province for the protection of personal information. The Agreement with the Service Provider contains stringent privacy, confidentiality and security provisions for the protection of personal information. Together, these strong contractual provisions provide a comprehensive strategy and privacy framework for protection against unauthorized access, collection, use or disclosure or disposal of personal information.

Privacy protection within the Agreement includes:

- The Province retains control and ownership of all personal information.
- Privacy provisions that either meet or exceed the requirements under:
 - a. the *Freedom of Information and Protection of Privacy Act* (FOIPPA) regarding the unauthorized access, collection, use disclosure or disposal of personal information; and
 - b. The Government's Information Security Policy regarding confidentiality, integrity and availability.
- The Province has step-in rights under a power of attorney, which may be exercised in the event of an anticipated privacy breach.
- All data and information backups must be located exclusively in Canada or as allowed for in FOIPPA.
- Direct agreements between the Province and the Service Provider's employees, and employees of sub-contractors, which include non-disclosure obligations where the employees have access to personal information.
- Whistleblower protection is provided for employees.

Additionally, the Ministry has extensive rights to perform reviews and audits on any aspect of the Agreement, including the protection of personal information. Annually, the Service Provider must provide the Province with a certificate which confirms their compliance with privacy obligations under the Agreement.

In addition to complying with existing privacy provisions, the Service Provider has undertaken industry leading security measures. Specifically:

- Working with the Ministry's Information Protection Program, integrated privacy, security and financial risk processes to reduce time and costs for the Ministry, while improving information protection of business sensitive and personal information, which is paramount in the development and maintenance of information systems.

Out of 2.8 million customer contacts, seven incidents where personal information was misdirected due to human or technology error were fully addressed in 2008. The Ministry notified affected individuals and advised the Office of the Information and Privacy Commissioner.

Providing Information Technology Services

In addition to the delivery of select revenue management services, the Service Provider also provides the following information technology services to the Ministry:

- Architecture and Engineering Services to support, manage, or execute Ministry initiatives.
- Application Services, including the management, maintenance, and enhancement of certain applications.
- Infrastructure Services, including application hosting, to ensure ongoing business continuity, and support and manage infrastructure level hardware and software.

Contract Monitoring

Both the Ministry and the Service Provider are committed to building and maintaining a positive, professional, effective working relationship founded on stated objectives. Through the Agreement, both parties strive to ensure service levels and performance targets are met, and superior customer service and value for money are provided to British Columbians.

The Ministry and the Service Provider designed a joint contract management structure reflecting best practices in alternative service delivery initiatives. The Ministry's Revenue Solutions Branch performs contract monitoring and relationship management in connection with the Agreement. After four years in operations under the Agreement, contract monitoring processes and practices are well established, while opportunities for continuous improvement are sought and implemented in a timely manner.

The Ministry has extensive rights to perform reviews and audits. This includes the use of internal or external auditors or other professional advisors. Audits may cover any aspect of the Agreement, including privacy and security, general controls, practices and procedures, and financial or business matters.

The Service Provider is also subject to investigations and reporting by the Offices of the Information and Privacy Commissioner, the Ombudsman and the Auditor General of British Columbia on any issues within their respective mandates.

A post implementation review of Release 1 of the revenue management system was completed in July 2007. The review recommended a number of action items that were all addressed by March 2008.

Service Commitments

Twelve service levels and 16 performance measures are defined in the Agreement. There may be financial consequences to the Service Provider if service levels are not met, while performance measures are subject to contract management escalation procedures if they fall below defined performance levels.

The Ministry monitors performance of service levels and performance measures on a regular basis. Additionally, the Ministry annually reviews both service levels and performance measures to ensure they remain focused on critical customer service areas and that performance targets ensure continuous service improvement.

Twenty-four of the service levels or performance measures are in effect and another four service levels or performance measures will come into effect in the future. To date, all service levels defined in the Agreement and in effect as of December 2008 have met their targets. One performance measure, the Customer Abandonment Rate, is below target and actions to improve performance have been identified.

Although the number of monthly customer contacts has more than doubled since the start of the Agreement (from 97,600 in 2005 to 237,000 in 2008), the quality of customer service has either improved and/or stabilized over the four year period. Performance has been supported by the addition of staff and telephone lines, extended service hours that include evenings and Saturdays, the integration of two call centres with staff trained to answer all incoming calls, and new telephone technology that has reduced the number of customers receiving busy signals. The following seven service levels or performance measures are considered key success factors and highlight the quality of customer service delivered by Revenue Services of British Columbia:

- *Substantiated Customer Complaints* –the number of complaints received by letter, telephone and e-mail through the Minister's Office, offices of Members of the Legislative Assembly and BC Ombudsman, and Revenue Services of British Columbia where a service representative either a) materially deviated from established policies or processes, b) used threatening, inappropriate or unprofessional language or c) presented incorrect facts of the case.
- *Customer Call Wait Time* – the average time a customer waits before being connected to a service representative.
- *Customer Busy Signals* – the number of incoming calls that receive a busy signal.

- *Customer Abandonment Rate* – the percentage of incoming calls where the customer hangs up before connecting to a service representative.
- *First Call Resolution* – the percentage of incoming calls where the customer does not call back within four days regarding the same inquiry.
- *Deposit Cycle Time* (cheques only) – the percentage of remittance items that contain cheques received by the Service Provider and deposited at the bank on the same day. Consistent timely processing of remittances and deposits support reduced borrowing and associated borrowing costs.
- *Application Availability* – the percentage availability of 13 applications for ministry usage during operational days. These systems support the provision of service to ministry customers.