



STEVEN L. BESHEAR
GOVERNOR

EXECUTIVE ORDER

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

Secretary of State
Frankfort
Kentucky

2008-506
June 6, 2008

**RELATING TO THE REORGANIZATION OF THE
FINANCE AND ADMINISTRATION CABINET**

WHEREAS, the Commonwealth of Kentucky has always promoted effective and efficient management of state government operations and resources; and

WHEREAS, this reorganization plan will provide a vehicle to efficiently and effectively carry out the statutory mission of the Finance and Administration Cabinet in a more cost efficient manner:

NOW, THEREFORE, I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, by virtue of the authority vested in me by the Constitution, Sections 69 and 81, and KRS 12.028, do hereby **ORDER** and **DIRECT** the following:

- I. The Secretary of the Finance and Administration Cabinet is directed to review each executive branch agency's IT infrastructure and to consolidate operational control under the Commonwealth Office of Technology when it is found to be in the best interests of the Commonwealth.
- II. The Executive Branch Ethics Commission is hereby attached for administrative purposes to the Finance and Administration Cabinet, Office of the Secretary.
- III. The Commonwealth Office of Technology within the Finance and Administration Cabinet shall have the following changes in organizational structure:
 - A. The Office of Enterprise Policy and Project Management within the Commonwealth Office of Technology is hereby renamed the Office of Enterprise Technology.
 1. The Division of Enterprise Project Management under the former Office of Enterprise Policy and Project Management within the Commonwealth Office of Technology is hereby renamed the Division of IT Governance within the Office of Enterprise Technology.
 2. The Division of Client Services under the Office of Infrastructure Services within the Commonwealth Office of Technology is hereby renamed the Division of Field Services.
 3. The Division of Portfolio Management under the Office of Application Development within the Commonwealth Office of



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Technology is hereby renamed the Division of Software Engineering.

4. The Division of Data Architecture Services under the Office of Application Development within the Commonwealth Office of Technology is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Application Development within the Commonwealth Office of Technology.
- B. The Office of Chief Information Security Officer within the Commonwealth Office of Technology is hereby established. The office shall be headed by an executive director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the commissioner.
- IV. The Department of Revenue within the Finance and Administration Cabinet shall have the following changes in organizational structure:
- A. The Office of Property Valuation within the Department of Revenue shall have the following changes in organizational structure:
 1. The Division of Local Valuation under the Office of Property Valuation within the Department of Revenue is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Property Valuation within the Department of Revenue.
 2. The Division of State Valuation under the Office of Property Valuation within the Department of Revenue is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Property Valuation within the Department of Revenue.
 3. The Division of Minerals Taxation and GIS Services under the Office of Property Valuation within the Department of Revenue is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Property Valuation within the Department of Revenue.
- V. The Office of the Secretary within the Finance and Administration Cabinet shall have the following changes in organizational structure:
- A. The Division of Occupations and Professions under the Office of Administrative Services is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this



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Division are hereby assigned to the Environmental and Public Protection Cabinet.

- B. The Division of Protest Resolution under the Office of Legal Services for Revenue within the Office of General Counsel is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Division of Collections in the Office of Processing and Enforcing within the Department of Revenue.
 - C. The Office of Public Information within the Office of the Secretary is hereby renamed the Office of Legislative and Intergovernmental Affairs.
 - D. The Office of Policy and Audit within the Office of the Secretary is hereby established. The Office of Policy and Audit shall be headed by an executive director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the Secretary.
- VI. The Office of the Controller within the Finance and Administration Cabinet shall have the following changes in organizational structure:
- A. The Division of Statewide Accounting Services under the Office of the Controller is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Statewide Accounting Services within the Office of the Controller.
 - B. The Division of State Risk and Insurance Services under the Office of the Controller is hereby established. The Division of State Risk and Insurance Services shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the executive director of the Office of the Controller.
 - C. The Office of Policy and Audit within the Office of the Controller is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Office are hereby assigned to the Office of Policy and Audit within the Office of the Secretary.
 - D. The Office of Customer Resource Center within the Office of the Controller is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Office are hereby assigned to the Division of Customer Resource Center in the Office of Statewide Accounting Services within the Office of the Controller.
 - E. The Office of Statewide Accounting Services within the Office of the Controller is hereby established. The Office of Statewide Accounting



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Services shall be headed by an executive director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the executive director of the Office of the Controller.

1. The Division of Customer Resource Center under the Office of Statewide Accounting Services within the Office of the Controller is hereby established. The Division of Customer Resource Center shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the executive director.

F. The Office of Financial Management within the Office of the Controller shall serve as administrative staff to the Turnpike Authority of Kentucky and the Executive Director of the Office of Financial Management shall serve as Secretary to the Commission.

VII. The Department for Facilities and Support Services within the Finance and Administration Cabinet shall have the following changes in organizational structure:

A. The Division of Engineering and Contract Administration within the Department for Facilities and Support Services is hereby abolished. All duties, functions, responsibilities, records, equipment, staff and support budgets within this Division are hereby assigned to the Office of Facility Development and Efficiency within the Department for Facilities and Support Services.

B. The Office of Facility Development and Efficiency within the Department for Facilities and Support Services is hereby established. The Office of Facility Development and Efficiency shall be headed by an executive director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the commissioner.

1. The Division of Engineering and Contract Administration under the Office of Facility Development and Efficiency within the Department for Facilities and Support Services is hereby established. The Division of Engineering and Contract Administration shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the executive director.

2. The Division of Facility Efficiency under the Office of Facility Development and Efficiency within the Department for Facilities and Support Services is hereby established. The Division of Facility Efficiency shall be headed by a director appointed by the Secretary of the Finance and Administration Cabinet pursuant to KRS 12.050 and shall report to the executive director.



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GOVERNOR

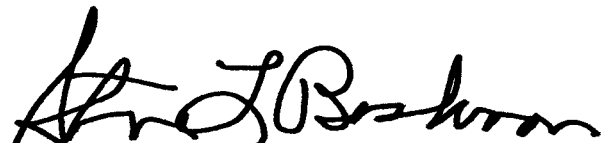
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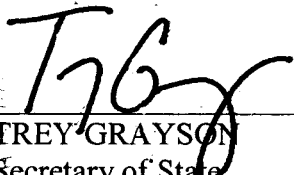
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- VIII. The Kentucky Housing Corporation's board of directors shall be and hereby is increased from 13 to 15 members. The two additional members shall be a private director representing the interest of non-profit housing organizations located within the Commonwealth of Kentucky and a private director with significant professional experience in audit, financial accounting, municipal bond financing or investment banking.
- IX. All provisions of prior Executive Orders that conflict with this Executive Order are rescinded. All provisions of Executive Order 2007-502 that are not altered by this Executive Order are hereby re-affirmed and either re-created or re-abolished.
- X. All duties, functions, responsibilities, records, equipment, staff and support budgets heretofore assigned to organizational entities in previous organizational structures are hereby correspondingly transferred to the recipient.
- XI. The Finance and Administration Cabinet, the Personnel Cabinet, the Office of the State Budget Director and all other affected agencies shall take all necessary action to effectuate this Order.

This Order shall be effective June 16, 2008.


STEVEN L. BESHEAR, GOVERNOR
Commonwealth of Kentucky


TREY GRAYSON
Secretary of State

REORGANIZATION PLAN

FINANCE AND ADMINISTRATION CABINET

INTRODUCTION

It is the policy of the Beshear Administration to gain efficiencies in state government to best serve the citizens of the Commonwealth. In keeping with this policy the Finance and Administration Cabinet realizes the need to group related functions and streamline processes to garner greater economy and improved administration.

The goal of this Executive Order is to accomplish the aforementioned efficiencies by reorganizing internal offices and divisions in a way that will prove more efficient, economical and transparent. This Executive Order will create a state government environment that better supports Governor Beshear's initiatives.

SUMMARY OF PLAN

According to the Kentucky Revised Statutes, The **Commonwealth Office of Technology (COT)** has the sole responsibility for IT operations in the Executive Branch. COT must ensure that these operations are conducted in the most efficient and effective way. The statutory authority for this Administrative Order is contained in KRS 12.270(3). In addition, the statutes charge COT with ensuring that Kentucky IT operations are efficient. In KRS 11.507(1)(c), COT is charged with developing strategies and policies to support and promote the effective applications of information technology within state government as a means of saving money, increasing employee productivity, and improving state services to the public. The majority of changes within COT consist of name changes for existing subdivisions and the movement of functions to a newly named division better suited to perform that function. The Office of Chief Information Security Officer has been created to ensure IT security functions/responsibilities are conducted in a timely, efficient and effective way. The Telecommunications Branch has been created to continue legacy voice support and also to leverage emerging technologies such as Voice over IP (VOIP).

The restructuring the **Department of Revenue** will allow more effective administering of the collection of state revenues, tax law administrations and to provide services in a fair,

courteous, and efficient manner for the benefit of the Commonwealth and its citizens. Pursuant to HB 611 of the 2008 General Assembly Regular Session, the Tax Increment Financing ("TIF") program and all of its associated administrative functions will be transferred to the Cabinet for Economic Development. The Protest Resolution Branch and the Training Branch will be created to provide centralized services to the Department of Revenue. The Protest Resolution Branch – formerly the Division of Protest Resolution – will be transferred from the Office of Legal Services for Revenue, Office of General Counsel within the Office of the Secretary to the Department for Revenue. The PVA Administrative Support Branch will be transferred, intact, from the Division of Local Governmental Services within the Office of the Controller to the Office of Property Valuation within the Department of Revenue.

The Division of Protest Resolution will be transferred from the Office of Legal Services for Revenue, Office of General Counsel to the Department of Revenue, allowing a more effective, efficient resolution of protest as it relates to the Department of Revenue. The Office of Public Information will be renamed the Office of Legislative and Intergovernmental Affairs to more accurately describe the functions of the office. The Office of Policy and Audit will be transferred, intact, from the Office of the Controller to the Office of the Secretary so it will be better suited to perform audits and apply policy to the Finance and Administration Cabinet. The Division of Occupations and Professions within the Office of Administrative Services will be transferred to the Environmental and Public Protection Cabinet (EPPC) as EPPC is better suited to provide administrative and fiscal management, technical support and advice to the regulatory boards regarding occupational licensing.

With the exception of the aforementioned transfers of the Office of Policy and Audit and the PVA Administrative Support Branch, the **Office of the Controller's** restructure will consist of the movement of functions to a newly named office better suited to perform that function. The Division of Statewide Accounting Services will be abolished and the Office of Statewide Accounting Services will be created. The three branches under this division will be transferred, intact, to the Office of Statewide Accounting Services. The Office of Customer Resource Center will be abolished and the Division of Customer Resource Center will be created under the Office of Statewide Accounting Services.

The Division of State Risk and Insurance Services will be transferred from the Office of Insurance, Department of Public Protection within the Environmental and Public Protection Cabinet to the Office of the Controller. The Division of State Risk and Insurance Services will be better suited, within the Office of the Controller, to procure insurance for all State owned/operate facilities and vehicles, as this Office is accustomed to performing centralized, State-wide procurement for the Commonwealth. This Division will report directly to the Office of the Controller.

The Office of Financial Management within the Office of the Controller shall serve as staff to the **Turnpike Authority of Kentucky**. The Executive Director of the Office of Financial Management shall serve as secretary to the commission. The Turnpike Authority of Kentucky shall also appoint as treasurer an employee of the Finance and

Administration Cabinet. The Turnpike Authority of Kentucky shall coordinate with the Office of the Controller to ensure necessary financial information and reporting is maintained.

The **Department for Facilities and Support Services** will create the Office of Facility Development and Efficiency, and the Division of Engineering and Contract Administration and the Division of Facility Efficiency will be created under this office. The Division of Engineering and Contract Administration will be abolished and transferred to the aforementioned, newly established office. The Western Kentucky Projects Branch and the Eastern Kentucky Projects Branch will be consolidated to become the Kentucky Projects Branch due to the reduction in the capital construction program as a result of the current budget situation. KRS 56.784(2) requires that the Finance and Administration Cabinet “promulgate administrative regulations to establish a process for procurement of energy savings performance contracts...” The Division of Facility Efficiency is created in order to assure that 200 KAR 5:350 is adhered to by analyzing and proposing cost savings relative to guaranteed energy savings performance contracts, utilities, etc.

The **Executive Branch Ethics Commission** will be administratively attached to the Finance and Administration Cabinet.

The membership of the **Kentucky Housing Corporation Board of Directors** will be increased from thirteen (13) members to fifteen (15) members by adding two private directors, which includes ten (10) private directors who shall be appointed by the Governor, subject to confirmation by the Senate as provided by KRS 11.160. One (1) private director representing the interest of nonprofit housing organizations located within the Commonwealth and one (1) private director with significant professional experience in audit, financial accounting, municipal bond financing, or investment banking.

I. Changes within COT’s Internal Organizational Structure

- A. Office of Enterprise Policy and Project Management will be renamed the Office of Enterprise Technology
 - 1. Division of Enterprise Project Management will be renamed the Division of IT Governance
 - Program Management and Architecture Branch will be created
 - Business Relations Branch will be created
- B. Office of Infrastructure Services
 - 1. Division of Communications

- Network Field Services Branch will be renamed the Telecommunications Branch
2. Division of IT Operations
 - Print Services Branch will be renamed the Customer Service Desk Branch
 - Asset Management Branch will be created
 3. Division of Client Services will be renamed the Division of Field Services
 - Customer Service Branch will be renamed the Network Field Services Branch
 - Customer Relations Branch will be abolished
 4. Division of Technical Services
 - Security Administration Branch will be abolished
 5. Division of Printing Services
 - Print Consulting Branch will be abolished
 - Digital Copy Services Branch will be renamed the Digital Copy Branch
 - Press Services Branch will be abolished
- C. Office of Application Development
1. Division of Portfolio Management will be renamed the Division of Software Engineering
 - Data Integration Branch will be created
 2. Division of Data Architecture Services will be abolished
 - Data Services Branch will be abolished
 - Data Integration Branch will be abolished
 3. Division of Consulting and Project Management
 - Data Services Branch will be created
- D. Office of Chief Information Security Officer will be created
- Security Administration Branch will be created

II. Changes within the Department of Revenue's Internal Organizational Structure

A. Office of the Commissioner

- Security and Disclosure Branch will be created

1. Division of Collections

- Protest Resolution Branch will be created
 - Corporation Income Tax Section will be created
 - Sales and Use Tax Section will be created
 - Severance and Miscellaneous Tax Section will be created
 - Property Tax Section will be created

B. Office of Property Valuation

- Local Valuation Branch will be created
 - Education Section will be created
 - Northern Field Section will be created
 - Southern Field Section will be created
 - Western Field Section will be created
 - Technical Support Section will be created
- State Valuation Branch will be created
 - Public Services Section will be created
 - Motor Vehicle Section will be created
 - Personal Property Section will be created
- Mineral Taxation and GIS Services Branch will be created
 - Cartography/GIS Section will be created
 - Mineral Resources Valuation Section will be created
 - Minerals Severance Tax Section will be created
- PVA Administrative Support Branch will be created

1. Division of Local Valuation will be abolished

- Education Branch will be abolished
- Northern Field Branch will be abolished
- Southern Field Branch will be abolished
- Western Field Branch will be abolished
- Technical Support Branch will be abolished

2. Division of State Valuation will be abolished

- Public Service Branch will be abolished
- Motor Vehicle Branch will be abolished
- Personal Property Branch will be abolished

3. Division of Minerals Taxation and GIS Services will be abolished
 - Cartography/GIS Branch will be abolished
 - Mineral Resources Valuation Branch will be abolished
 - Minerals Severance Tax Branch will be abolished

III. Changes within the Office of the Secretary's Internal Organizational Structure

A. Office of Administrative Services

1. Division of Occupations and Professions will be abolished
 - Administrative and Support Services Section will be abolished
 - Fiscal and Financial Operations Section will be abolished

B. Office of General Counsel

1. Division of Protest Resolution will be abolished
 - Corporation Income Tax Section will be abolished
 - Sales and Use Tax Section will be abolished
 - Severance and Miscellaneous Tax Section will be abolished
 - Property Tax Section will be abolished

C. Office of Public Information will be renamed the Office of Legislative and Intergovernmental Affairs

D. Office of Policy and Audit will be created

- Policy Branch will be created
- Audit Branch will be created

IV. Changes within the Office of the Controller's Internal Organizational Structure

1. Division of Local Government Services

- PVA Administrative Support Branch will be abolished

2. Division of Statewide Accounting Services will be abolished

- Financial Reporting Branch will be abolished
- General Accounting Branch will be abolished
- Accounting Services Branch will be abolished

3. Division of State Risk and Insurance Services will be created

A. Office of Policy and Audit will be abolished

- Policy Branch will be abolished
- Audit Branch will be abolished
- IT Security Compliance Branch will be abolished

B. Office of Procurement Services

- Title Deleted Branch will be abolished
- Procurement Support Services Branch will be abolished
- Title Deleted Branch will be abolished

C. Office of Customer Resources Center will be abolished

- Agency Support Branch will be abolished

D. Office of Statewide Accounting Services will be created

- Financial Reporting Branch will be created
- General Accounting Branch will be created
- Accounting Services Branch will be created

1. Division of Customer Resource Center will be created

- Agency Support Branch will be created

V. Changes within the Department for Facilities and Support Services' Internal Organizational Structure

1. Division of Engineering and Contract Administration will be abolished

- M/E Engineering Branch will be abolished
- Western Kentucky Projects Branch will be abolished
- Eastern Kentucky Projects Branch will be abolished
- General Contracting Branch will be abolished
- Administrative Services Branch will be abolished
- Pre-Audit Branch will be abolished
- Specialized Contracting Branch will be abolished

A. Office of Facility Development and Efficiency will be created

1. Division of Engineering and Contract Administration will be created

- M/E Engineering Branch will be created
- Kentucky Projects Branch will be created

- Administrative Services Branch will be created
 - Specialized Contracting Branch will be created
2. Division of Facility Efficiency will be created
- ESPC Project Branch will be created
 - Facility Performance Branch will be created
 - Utilities Audit Branch will be created

FISCAL / PERSONNEL IMPACT

While it is difficult to provide an exact dollar reduction or increase in expenditures that will result from the reorganization, there will likely be little to no change in expenses for the **Finance and Administration Cabinet**, as the total number of employees will not change. All employees who are replaced as a result of the Reorganization Plan will be reclassified or transferred to other positions without a decrease in compensation. Promotions will occur in other areas of the Cabinet that relate to supervisory/management positions. No layoffs are scheduled as a result of this Executive Order.

The changes within the **Commonwealth Office of Technology** do not initially reduce or increase personnel costs but instead shift personnel to more productive areas. The exception would be in the creation of the Office of CISO, which will group related security functions and streamline security processes to garner greater improved administration. Prior to this Executive Order, the Commonwealth Office of Technology within the Finance and Administration Cabinet had 408 full time employees. After this Executive Order, the Commonwealth Office of Technology will have 408 full time employees. The number of management positions within COT will not increase as a result of this Executive Order:

Position	Before	After
Executive Directors	4	5
Division Directors	11	10
Total	15	15

Primarily, shifts or transfers of personnel will occur within the **Department of Revenue**. However, the total number of employees within the Department of Revenue will increase due to the receipt of the Division of Protest Resolution and the PVA Administrative Support Branch. The Office of General Counsel will transfer funds with the Division of Protest Resolution to the Department of Revenue. The Office of the Controller will transfer funds with the PVA Administrative Support Branch to the Department of Revenue. Prior to this Executive Order, the Department of Revenue within the Finance and Administration Cabinet had 902 full time employees. After this Executive Order, the Department of Revenue will have 930 full time employees. The

number of management positions within the Department of Revenue will decrease as a result of this Executive Order:

Position	Before	After
Executive Directors	5	5
Division Directors	12	8
Total	17	13

There will be decreased costs to **Office of the Secretary** due to the transfer / abolishment of the Division of Protest Resolution (from the Office of General Counsel to the Department of Revenue) and the transfer / abolishment of the Division of Occupations and Professions (from the Office of Administrative Services to the Environmental and Public Protection Cabinet). The Office of Policy and Audit will be transferred from the Office of the Controller to the Office of the Secretary. The Office of the Controller will transfer funds with the Office of Policy and Audit to Office of the Secretary. Prior to this Executive Order, the Office of the Secretary within the Finance and Administration Cabinet had 190 full time employees. After this Executive Order, the Office of the Secretary will have 161 full time employees. The number of management positions within the Office of the Secretary will decrease as a result of this Executive Order.

Position	Before	After
Executive Directors	6	7
Division Directors	7	5
Total	13	12

There will be decreased costs to the **Office of the Controller** as a result of this Executive Order, due to the abolishment of the PVA Administrative Support Branch, the Office of Policy and Audit and the Office of Customer Resource Center. However, twelve employees will be transferred to the newly established Division of State Risk and Insurance Services from EPPC. Shifts or transfers of personnel will occur within the Office of the Controller, as the Office of Statewide Accounting Services will be created and will contain all personnel from the former Division of Statewide Accounting Services and the Office of Customer Resource Center. Prior to this Executive Order, the Office of the Controller within the Finance and Administration Cabinet had 90 full time employees. After this Executive Order, the Office of the Controller will have 89 full time employees. The total number of management positions within the Office of the Controller will not change as a result of this Executive Order:

Position	Before	After
Executive Directors	4	3
Division Directors	4	5
Total	8	8

The changes within the **Department for Facilities and Support Services** do not initially reduce or increase personnel costs but instead shift personnel to more productive areas. The exception would be in the creation of the Office of Facility Development and Efficiency, which will group related functions and streamline energy savings to garner improved energy efficiencies to the Commonwealth. Although there may be increased personnel (management) cost to the Department for Facilities and Support Services, there will be long term cost savings to the Commonwealth as a result of more efficient operations and improved energy savings guidelines. Prior to this Executive Order, the Department for Facilities and Support Services within the Finance and Administration Cabinet had 306 full time employees. After this Executive Order, the Department for Facilities and Support Services will have 306 full time employees. The number of management positions within the Department for Facilities and Support Services will increase as a result of this Executive Order:

Position	Before	After
Executive Directors	1	2
Division Directors	6	7
Total	7	9