

**TOWARD AN IMPROVED PAYROLL  
PROCESSING/HUMAN RESOURCES  
SYSTEM FOR CATTARAUGUS  
COUNTY**

Prepared for:

**Cattaraugus County**

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## **Summary**

Cattaraugus County government currently has significant inefficiencies, duplicate data entry, and resulting unproductive use of time by staff in several County offices with various responsibilities for aspects of payroll and related personnel operations; data collection and preparation; and entry, updates, monitoring and reporting of data. Much of this is due to the absence of adequate integrated computerized systems that can efficiently link such functions as personnel and payroll-related data collection in individual departments, centralized Personnel records and tracking, Payroll/Treasurer's office, the Audit function in the County Administrator's office, Risk Management, Data Processing, and the Budget function.

Many of these existing concerns represent practices and procedures which need to be reassessed and modified at this time in light of changing needs, changing demands on staff time, and changing technologies. This report documents the current practices, functions, tasks and data elements involved in all aspects of payroll and related personnel operations, and contrasts those with specific recommendations for an automated system that would integrate the payroll, personnel, payroll audit, risk management, and budget processes in a more efficient, streamlined, cost effective approach which would ultimately make better, more productive use of staff in several different departments and offices of the County. The report defines what any new human resources/payroll system must include, what the software must be able to do, and the parameters for the County to use, including types of questions/issues to be addressed, if it subsequently chooses to develop a Request for Proposals (RFP) requesting potential vendors to propose the appropriate software package to respond to our recommendations. The recommendations also include changes in structure/governance/accountability and primary responsibility for the overall personnel (human resources)/payroll processing system.

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We are also appreciative of the time and thoughtful comments provided by members of the project's steering committee: Joseph Keller, David Moshier, Penny Peters, Sandy Ponczkowski, Jack Searles, and Peter Wallen. Each one gave generously of their time, and each offered thoughtful perspectives and ideas that helped shape our understanding of the issues and of possible solutions. We also interviewed a number of other County employees, all of whom contributed to the findings represented in this report. We are grateful for their time and creative ideas. Thanks also to Howard Peterson, for his helpful perspective on the ideas contained in the report.

## **Staff Team**

This report is jointly authored by project director Donald Pryor and by Charles Zettek Jr. The two collaborated on all aspects of the study.

## A. Introduction

As documented in a Center for Governmental Research (CGR) January 1999 report to Cattaraugus County (*Building a Management Structure for the Future of Cattaraugus County Government: Challenges and Opportunities*), Cattaraugus County government currently has significant inefficiencies, duplicate data entry, and resulting unproductive use of time by staff in several County offices with various responsibilities for aspects of payroll and related personnel operations; data collection and preparation; and entry, updates, monitoring and reporting of data. Much of this is due to the absence of adequate integrated computerized systems that can efficiently link such functions as personnel and payroll-related data collection in individual departments, centralized Personnel records and tracking, Payroll/Treasurer's office, the Audit function in the County Administrator's office, Risk Management, Data Processing, and the Budget function.

In several cases, data elements common to several departments and functions within departments are entered separately by each, rather than entered once in a single-entry system. Furthermore, other key information in various subsystems about employees and positions is not entered into a computer at all, thereby limiting the productivity of employees who must not only enter redundant data, but in some cases do so manually. Furthermore, such manual data are not easily useable for management, policy or budget analysis purposes. Problems in the current system make it virtually impossible to easily track by departments the history of numbers of full-time and part-time positions of various types over time, or to adequately assess the immediate or long-term budget implications (including costs of benefits and potential post-grant costs to the County) of filling or not filling various job slots during the course of the budget year.

Many of these existing concerns represent practices and procedures which have developed over the years, and which need to be reassessed and modified at this time in light of changing needs, changing demands on staff time, and changing technologies. CGR was asked by Cattaraugus County to document the current practices, functions, tasks and data elements involved in all aspects of payroll and related personnel operations. This report does so, and contrasts those with specific recommendations for an automated system that would integrate the payroll, personnel, payroll audit, risk management, and budget processes in a more efficient, streamlined, cost effective approach which would ultimately make better, more productive use of staff in several different departments and offices of the County. Prior to outlining the recommendations, the report spells out the underlying assumptions that shape those recommendations, including the assumption that if time clocks are implemented countywide, they would be fully integrated with the proposed payroll/personnel system. The report defines

what any new human resources/payroll system must include, what the software must be able to do, and the parameters for the County to use, including types of questions/issues to be addressed, if it subsequently chooses to develop a Request for Proposals (RFP) requesting potential vendors to propose the appropriate software package to respond to our recommendations.

## B. Outline of What Is: The Current Approaches

CGR believes that the goal of the changes proposed should be to insure that the many variables involved in the payroll and personnel/human resources (HR) information processes are organized so that they can be managed as an integrated system. Thus, the starting point for making the changes is to identify how the pieces currently do or do not fit together conceptually to create a system, and where there is unnecessary overlap in current functions. The overall system can be pictured as having five related primary processes or components. Within each primary component, a series of specific activities are carried out by various county staff, including the collection, creation, manipulation and storage of various types of data.

### Core Payroll and Personnel Processes

The five core processes or components are:

**1. *Input.*** This is the front end process, where data are collected and entered into a system. For example, in the payroll system, collecting information about how much time an employee worked is part of the input process, as is entering that information into the computer system. There are two basic models for how that time information can be collected and entered into the computer system--manually through the use of time cards where that information is subsequently keyed into the computer, or automatically where a time clock collects time usage data and loads those data directly into the computerized payroll system.

**2. *Input Interface.*** Before the computer system begins converting the input data into the desired outputs (such as paychecks, management reports, etc.), at least some of the key data which have been input needs to be reviewed for quality control purposes, to insure that the output is going to be correct. For example, payroll processing is not started until Internal Audit has signed off that the basic employee information is correct.

**3. *Processing.*** This is the step where information is organized into files or systems, which may be organized manually or in most cases by computer. A computer, using algorithms developed by programmers, converts the input data into information useful to the end user. Depending on the complexity of the input variables and the desired output, the processing step can be simple or highly complex. In some cases, some data elements are separately entered into more than one processing system by more than one person in more than one department.

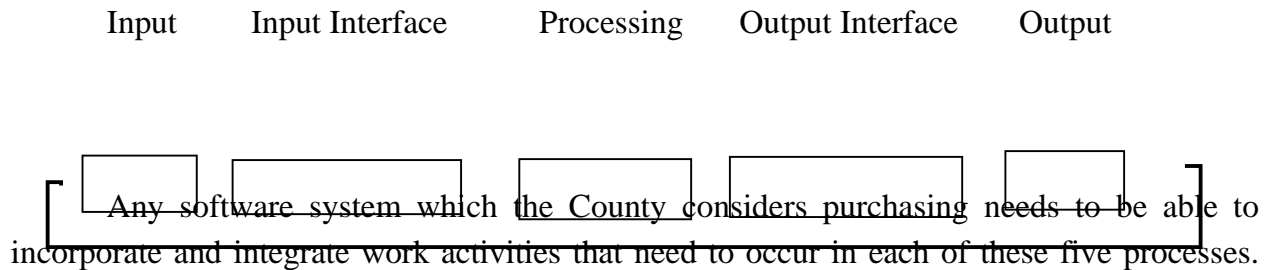


**4. Output Interface.** At least two activities can occur at this step. One activity is quality control review, to insure that the output is correct or as intended. For example, in the payroll process, a sample is run through the printer to make sure everything is lined up properly before printing a complete run. In addition, this is the point where specialized output can be identified and developed from the databases created in the processing step. For example, this is where a special query would be requested to create a report which isn't routinely produced by the system.

**5. Output.** This is what is produced as a result of completing the previous four steps. The output includes paychecks and other special checks, as well as data and/or reports or other information which is produced and transferred onto paper or some other media (such as into another computerized database).

A diagram of these processes is shown in Figure 1. Note that although these are shown as sequential boxes for the sake of simplicity, the entire system should really be thought of as a loop, where there is constant feedback among and between the processes to identify the changes needed to continuously improve the overall system.

**Figure 1**  
**The Five Processes for the Payroll/Personnel System**



**Key Activities**

In order to insure that any new payroll/personnel system meets the County's needs, CGR first identified the primary activities which are currently carried out to pay employees (both salary and benefits), meet payroll and employee reporting requirements, track and allocate expenses, meet Civil Service requirements, track employment history, and manage positions.

Many different staff in multiple departments are involved in one or more of these activities. CGR confirmed that differences exist between departments in carrying out common activities (for example, variations in the collection of basic time reporting information). In some cases, core management information is scattered between several departments and/or databases, rather than in one central source (for example, employment history).

Once the primary activities and the key players were identified, CGR grouped them into one of the five process components (Input, Input Interface, Processing, Output Interface and Output). Placing each activity into a process component helps to visualize and understand how the various activities interact with and affect the entire system. This also helps to show what activities could or should be changed in order to improve the system.

Figure 2 shows the primary activities within the system, broken down into the five process components, as currently carried out within the County. The diagram has been designed to be used as a template for comparing any proposed new system with current operations. This will provide a consistent approach for identifying similarities and differences among various possible alternatives, and will permit the County to consider where streamlining of functions and activities may be possible, and to ask “what if” questions where there are differences between various possible approaches.

**Figure 2**  
**Current Primary Activities in Personnel/Payroll Processing Systems Sorted into**  
**Process Components**

**Activities By Component**

**1. Input**

<u>Activity</u>	<u>Department Responsible</u>
<b>A. Direct Payroll Input</b>	
- Time Cards	Various Departments
- Small Dept. Time Cards	Treasurer’s Office
- Time Clock data	Nursing Home
<b>B. Employee Records</b>	
- Civil Service History by Position	Personnel

- |  |   |
|--|---|
| - Civil Service History by Person                        | Personnel   |
| - New Hire Forms   | Personnel, Treasurer, Nursing Home, JTPA, Americorps          |
| - Pink Sheets (multiple variables)                       | Personnel, Treasurer, Risk Management, Audit, all departments |
| - Longevity, Various Non-Duty Time Reporting             | Personnel, Treasurer, all departments                         |
| - Employee Benefit Reporting and Deductions              | Risk Management   |
| - Tax Withholdings                                       | Treasurer   |
| - Union Withholdings                                     | Treasurer   |
| - Misc. Withholdings (child support, garnishments, etc.) | Treasurer, Personnel  |
| <br>C. Budget/Appropriations Control                     | <br>Budget Officer, Treasurer                                 |

**2. Input Interface**

<u>Activity</u>	<u>Department Responsible</u>
A. Personnel and Coding Review	Personnel, Treasurer, all departments
B. Internal Audit Review	Internal Audit

**3. Processing**

<u>Activity</u>	<u>Department Responsible</u>
A. Master Payroll File	Data Processing, Treasurer, Personnel, Nursing Home, JTPA
B. Roster Card System	Personnel
C. Position Control Card System	Personnel
D. Civil Service History System	Personnel
E. Position Allocations System	Personnel
F. Employee Payroll History System	Internal Audit
G. Employee Deduction System	Risk Management, Treasurer

**4. Output Interface**

<u>Activity</u>	<u>Department Responsible</u>
A. Finance System Input Review	Data Processing, Treasurer
B. Printing Output Review	Data Processing, some departments

C. Query Report Generation

Data Processing, Budget Officer,  
Treasurer, various other  
departments

**5. Output**

Activity

Department Responsible

A. Paychecks (direct or deposit)

Data Processing, Treasurer

B. Finance System Reports (Examples:)

- Budget Expense Reports
- Account/Program Charges

Data Processing, Treasurer  
Data Processing, Treasurer

C. Payroll System Reports (Examples:)

- Time Usage Reports - Time and \$
- Civil Service Annual Reports
- Various Reports to Unions
- Quarterly Retirement Reports
- Monthly Address Change Report
- “What If” Queries

Personnel, various departments  
Personnel  
Data Processing, Treasurer  
Data Processing, Treasurer  
Treasurer  
Personnel, Budget Officer, various  
departments

D. Special Checks (e.g., garnishments,  
child support, etc.)

Treasurer

Not only are multiple departments involved with some of the same activities and data bases, as shown above, but *similar or in some cases identical information is often collected and entered by separate individuals in separate departments in as many as six different subsystems of data*. For example, several items of similar employee data are entered by four different people in three different departments into three different manual and three different computerized data bases: one person enters the data into the manual Roster Card and manual Position Control Card files in Personnel; another person in Personnel enters data into the computerized Master Payroll File and the computerized department-specific Personnel Position Allocations data base; a person in the Treasurer’s office also enters similar data into the Master Payroll File; and the person in Internal Audit in the County Administrator’s office enters the information into a

manually-maintained data base and a separate Internal Audit computerized data base. Much of this redundant activity would be eliminated if the proposals recommended in this report are followed, thereby enabling better, more accessible information to be available for management purposes, and enabling a portion of the time of the four employees in the three departments to be reallocated to more productive tasks. Furthermore, a more streamlined system would also, in all likelihood, free up time of as many as two people in Data Processing who now devote substantial portions of their time to payroll-related matters.

## C. Underlying Assumptions Shaping Recommendations

The following assumptions were significant factors in shaping our recommendations:

With regard to the collection and entry of data affecting the payroll and personnel/human resources (HR) systems, at the *decentralized* level, considerable inconsistency currently exists across departments in data definitions and standards, and insufficient central oversight or quality control exists over what happens at the departmental level. Even within the County's *centralized* administrative support departments which become involved with processing payroll/HR data, there are currently too many points of data entry responsibility, too many places where changes in data can be made, and too many separate data bases including similar data and requiring separate data entry. Also, multiple places exist where questions can be asked, without clear lines of authority for who goes where for what information, how and where decisions get made related to HR and payroll matters, etc. We assumed that centralized control is needed of the standards and decisions shaping HR/payroll functions and data entry.

CGR assumed that time clocks will be widely implemented throughout the County; given that assumption--that time clocks will be the primary data collection mode of the future related to payroll-related data--we assumed that any integrated payroll/HR system must tie in and be compatible with the time clock system and capabilities. We made the further assumption that time clocks will be able to routinely calculate through automation such things as shift differentials, differential pay for different job categories, comp time, vacation time, etc., that now must typically be inefficiently calculated or entered separately by payroll clerks for individual employees, and that those calculations will be incorporated into payroll/HR integrated system software. To the extent that time clocks cannot do such things, any new software must have that capability, thereby reducing the need for so many inefficient manual "exception" calculations and entries throughout departments. Either way, the time clocks and integrated payroll/HR computer software systems need to be linked and compatible.

We assumed that expanded time clock usage will help create data collection consistency across departments, and reduce errors in the payroll system, but a need will continue for department level checks/audits for errors and exceptions, which will in turn continue to require the need for the foreseeable future for departmental payroll clerks. We assumed that the amount of interface/checking needed at the payroll clerk level will be reduced by time clocks and made more consistent by standards set and monitored by a central oversight function. We also assumed that some positions may be shifted between departments, but there will be no net impact on the number of County positions as a result of our recommendations. Payroll clerk positions cannot

and should not be eliminated, though it is expected that the amounts of time they need to spend on making payroll-related changes and reconciling exceptions will be reduced over time, thereby freeing up more of their time for reallocation to other tasks. Thus we assume that efficiencies will unquestionably be possible, but not direct savings from reductions of payroll clerk staff, at least for the next three or four years.

Three core functions need to be integrated: payroll, employee records/tracking employees, and position control/budget tracking. In addition, any new integrated payroll/HR system needs to carefully interface with the finance system. In that broad context, a linkage is needed between the data required and the needs of the following systems: payroll (e.g., decentralized departmental data collection, data processing, Treasurer's role), HR/personnel employee records, position control/budget requirements, independent audit, risk management, and the need for financial summaries.

We assumed that it is desirable to have most original payroll-related data collection continue at the decentralized departmental level, but under more consistent standards than is now the case. At the centralized administrative support department level (Treasurer, Personnel, Audit, etc.), a single integrated computerized system is needed with linked files which meet multiple needs of different functions--rather than the current combination of separate data bases in separate departments related to the above functions, and some data collection operations which are computerized and others of which are manual. We assumed that manual systems or separate data bases should be eliminated, with all functions do-able from a single core integrated computerized data base. For example, manual systems within the current Personnel operations should be eliminated, as recommended in the County auditor's management letter. All changes to data should either be entered at the decentralized departmental level, such as for bi-weekly payroll information (with final control and approval by a single centralized department), or they should be entered centrally through a single place, rather than the current multiple responsibilities (e.g., all pink sheet and other personnel and payroll-related changes should be under standards monitored and approved in one department). Changes in data made to one file are not now linked to making the same changes automatically in other files using the same data, but they should be in the future, thus removing the need for multiple entry of the same data in different files.

Currently decisions get made in labor negotiations that have impacts, often significant, on data processing, payroll or personnel/civil service systems, etc., without taking into consideration how they will be implemented or the cost or staff implications of the proposed changes. We assumed that any new system needs to be able to help test out various scenarios,

anticipate changes and their potential implications, conduct “what if” analyses before decisions are finalized, and be flexible enough to incorporate payroll/HR changes resulting from negotiations.

Finally, we assumed that the basic goals of any proposed new system should include: improved consistency; automation; streamlining and integrating of current functions; direct linkage between contract negotiating, budget, HR/payroll systems and who has to implement any decisions that are made; and establishing clear appropriate accountability/central control of decision-making related to payroll and HR functions.



## **D. Core Recommendations for Integrated Payroll/HR System**

Changes are needed in the central control of, and overall accountability for, the overall payroll/HR system. Changes in the software and data processing systems alone would not be enough; both software and overall process/control changes are needed, and would complement each other in ensuring a more effective, integrated HR/payroll/budget tracking system.

### **Central Control/HR Oversight**

In that context, CGR recommends that all payroll and related personnel/human resources functions and responsibilities be brought together under the overall control and authority of an expanded Human Resources function, consistent with recommendations in CGR's January 1999 report. This HR department would have overall responsibility for the entire payroll process, including:

- broad oversight of how data are obtained and processed and entered into the system;
- oversight of the payroll-related tasks of the decentralized departmental payroll clerks, including setting standards for them, assuring consistency of approaches, monitoring their performance and assessing departmental patterns of errors, etc.;
- overseeing the processing of checks;
- monitoring HR/payroll software and its ability to meet County needs;
- assuring that bargaining agreements factor in payroll/HR needs; etc.

In effect, part of the new HR responsibility would be to provide a currently-missing central monitoring of the decentralized departmental payroll activities, although some of the issues of consistency, separate calculations and definitions of comp time, etc. may be addressed with the time clocks. Nonetheless, an oversight and clearcut process for monitoring different departments consistently is needed, and would be provided under the recommended approach.

## Allocation of Tasks

Under this overall recommendation, the Treasurer's office would continue to authorize the transfer of funds to meet payroll each two weeks, Data Processing would continue to produce the checks, and the County Administrator's office would continue to be responsible for the independent audit function. But the latter role would become more streamlined and more based on computer "exception" checking from a single County data base, rather than a separate combination of manual data and function-specific computerized data base currently maintained by Internal Audit.

The Treasurer's payroll-related role would be downsized, and all of its data entry roles would be transferred to HR, and we recommend that one staff position would be transferred from the Treasurer's office to HR to make that possible. All centralized payroll/HR-related data entry --and oversight responsibility for establishing standards and ensuring consistent data entry in decentralized departments--would in the future be consolidated under HR. All current inquiries related to personnel and payroll would be channeled through HR, rather than being split between Personnel and the Treasurer's office, as is now the case.

The Data Processing role related to personnel/HR and payroll would be determined by HR in conjunction with DP, rather than frequently being left to DP to decide unilaterally, which has often been the case in the past, because of the lack of a clear central authority for how payroll matters get addressed. At times, DP and the Treasurer's office have had to make decisions by default, or through an informal, ad hoc committee approach; in the future, the formal responsibility for directing how DP functions on payroll and HR tasks would be determined through a clear decision-making process with HR setting overall priorities, in conjunction with an HR/payroll oversight committee, as recommended and described below.

A clear process is needed for addressing various "what if" questions and scenarios during the negotiations/bargaining agreement process--i.e., determining in advance how various HR/payroll-related proposals could be implemented and at what cost and with what implications for the County budget, and for Data Processing, HR, Treasurer's office, payroll/HR software, etc. This process should be under the overall direction of the County's Budget function, and the recommended integrated HR/payroll software needs to have the capability of undertaking the needed analyses and needs to be flexible enough to adjust to any resulting changes.

We recommend that HR should become responsible, rather than the Treasurer, for fielding questions and responding to questions related to deferred comp, early retirement, W2

and W4 forms, etc. HR may make referrals to other appropriate persons or departments, but HR would become the central clearinghouse, in effect, for addressing all such personnel and payroll-related matters.

Our recommendations would involve no reductions in positions for the foreseeable future, though one position would be shifted from Treasurer to Personnel/HR,<sup>1</sup> and some of the time of payroll clerks in individual departments is likely to be freed up as time clocks and integrated payroll/HR software takes effect, thereby enabling some reallocation of staff time to occur. Thus we anticipate greater staff efficiency, but not direct savings from payroll-related staff reduction, other than changes already suggested in the January 1999 report, via attrition. Perhaps in the future, once time clocks and the proposed new HR/payroll software are totally operational, it may be possible to combine some of the decentralized departmental payroll functions in ways that through attrition or reallocation of tasks might create some additional opportunities to reduce staffing, but that is down the road at least 3-4 years, in our estimation.

By freeing up some of the Treasurer's time from payroll matters, it may help free up time in that office to do needed followup on Family Court fee collections, thus increasing County revenues, and to set up an improved County infrastructure/asset inventory.

The transfer to HR would mean some transfer of records from the Treasurer's office to HR.

We recommend that the Audit position be maintained within the County Administrator's office, though the role would be reallocated as part of other reorganizations and reallocations of tasks previously proposed in the January 1999 report. The role should be streamlined with the advent of the proposed new integrated software, thereby freeing up time to undertake other responsibilities in addition to the audit function.

Much of the HR/payroll-related data entry under the proposed new system would continue at the decentralized field level, and much of that would occur through the time clock

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<sup>1</sup>As the payroll function is absorbed by the existing Personnel Department--as part of the process of creating an expanded Human Resources Department--it is possible that an additional position may need to be added to the department, in the estimation of current Personnel Department leadership. CGR suggests that as the new tasks are added, and a position is shifted from the Treasurer's office to Personnel/HR, the allocation of staff tasks across existing and new staff should be carefully monitored to determine if a new position needs to be added. At this point, we would not recommend any new positions.

system, once that is fully operational. Other HR/payroll-related record updates, such as those now made via the pink sheets, could be entered on a limited/protected-access basis by payroll clerks, subject to final review and authorization/signoff by HR. The County will need to decide and clearly define who would have access to the system to make changes in data, without compromising access to confidential information.

## **Space Considerations**

As discussed in the January 1999 report, the Personnel office is currently crowded, and additional space would ideally be created even for its current staffing configuration. The desirability of linking the Personnel/HR and Risk Management staffs for efficiency purposes was emphasized in the earlier report, and that would clearly have further implications for modifying current space configurations, as noted in the earlier report. Moving an additional person from the Treasurer's office to Personnel/HR, as recommended above, and transferring additional records as well, underscores the need for priority attention to be given to creating additional space for this expanded HR function. We agree with County officials who indicate that the proposed staffing reallocations can only occur if additional space is created for the Personnel/HR department. CGR understands that alternate plans for modifying the physical space close to the current Personnel offices have been considered, and that other plans may also need to be developed. Given the potential benefits, we would support efforts currently under consideration to find ways to make the creation of additional space for expanding HR functions a priority concern for the County.

## **Proposed Software Package**

We recommend that any software package purchased by the County must have the ability to integrate payroll, HR/employee record, and position control/budget tracking functions--and the data needed for each--into one system that is also integrated with the needs of the finance system (as spelled out in more detail below in the section on what the software must include). Budget-related aspects must include the ability to not only record positions/slots, but whether they are full or part-time; determine the implications for the overall County budget, including implications for fringe benefits; have the ability to track funding for positions, including the long-range implications of current grant-funded positions and at what point grant dollars will expire, and the resulting potential implications for County tax dollars; etc. As such the software must be carefully linked with the finance system, in order to determine if sufficient dollars are available to meet payrolls, and to monitor expenses and revenues by cost centers.

We strongly recommend that the County should purchase an integrated, comprehensive software package with the above capabilities from an outside vendor, rather than expecting the Data Processing Department, with its current responsibilities, to be able to design, develop and implement such a system.

Assuming the County agrees with the above recommendations, it has two basic options available to it as it purchases software which meets the performance objectives outlined in this report.

- One alternative would be to purchase a separate stand-alone payroll/HR/position control system software package, and maintain the County's existing financial system. If this option is selected, the County will need to be careful to assure that the interface between the new system and the existing finance system is seamless. That would be likely to require the substantial assistance of the County's Data Processing staff.
- The second alternative would be to purchase a total integrated system with the above capabilities incorporated (replacing the current system with a comprehensive financial package with the required HR/personnel/position control system included as one component), rather than purchasing individual software components of a system (e.g., separate HR and payroll packages) from separate vendors and then attempting to have Data Processing staff develop interfaces between them.

Either way, an RFP should be developed (see specifications section below) and widely circulated to all potential vendors with broad HR, payroll and finance software capabilities, as well as to vendors with stand-alone, less comprehensive payroll/HR software systems.

The County should consider applying for a SARA (State Archives and Records Administration) grant for making changes to help simplify record-keeping by creating an electronic duplication capability that does not now exist for processing historical records, to improve the County's record-management processes, and to pay for data entry to incorporate historical records for current employees that are not now computerized.

## **Proposed HR/Payroll Oversight Committee**

Although we have recommended that the previously-proposed expanded Human Resources Department would assume direct responsibility for the operation of the proposed

integrated payroll/HR system, we also recommend the creation of a broad oversight committee to oversee the transition and to provide ongoing coordination of the functions to be integrated under the above proposals.

We recommend that the Oversight Committee be chaired by the Deputy County Administrator. This would be consistent with the recommendation in the January 1999 report that the Deputy Administrator “assume primary responsibility in the future for broad coordination and oversight of the expanding Information Resources [now Data Processing] and Human Resources [now Personnel] functional areas.” We recommend that the other proposed members of the Oversight Committee would be the County Treasurer, Deputy Treasurer, Senior Personnel Specialist, Data Processing Director, and Deputy Budget Director. This group has been operating as an ad hoc committee to begin to formulate recommendations for the development of an integrated Payroll/HR software package, and has played an important liaison role with CGR during the course of this study. It represents each of the key departments affected by the recommended integrated functions and software package. Thus we are recommending that this group be given a more official ongoing status and role.

The proposed role of the Oversight Committee would be to assure that the coordinated, centralized, integrated HR/payroll/budget tracking/position control system operates as intended, and meets the respective needs of each of the affected departments and functions. More specifically, among the group’s anticipated roles would be to set and monitor standards, oversee the development of the proposed RFP, evaluate the responses to the RFP and make appropriate recommendations concerning potential vendors and software packages, oversee the transition to the new system and organizational structure, and continue to monitor ongoing issues related to these integrated functions. HR would be responsible for administering the system within overall guidelines and directions set by this group of each of the directly-affected departments.

## **E. Specifications for Proposed Software: What RFP Must Request**

The integrated payroll/HR software being recommended must include a number of features. These are outlined below, along with the types of questions/requirements that CGR recommends should be included in the RFP to be distributed to potential vendors:

- The system must have the ability to incorporate data useful to payroll, HR/employee records, and position control/budget tracking functions into one system that is also integrated with the existing finance system, or that replaces the existing system.
- The system must have the ability to include and account for such factors as: time allocated to different pay rates, cost centers, shifts, etc.; incentive pay; longevity pay; insurance buyouts; vacation, personal and sick time; comp. time; call-in assignments; etc. All routine adjustments--such as longevity pay, tax implications of insurance buyouts, calculation of shift differentials, calculation of when incentive and longevity pay take effect, calculation of number of hours at varying rates and the resulting appropriate pay for the given pay period, etc.--should be built into the system and calculated for all employees by the software, rather than having payroll clerks have to manually do the calculations and make the adjustments for individual employees, as is now too often the case. To the extent that some or all of these can be done via the time clocks, the software needs to be able to incorporate those data into the system through interface with the time clock system.
- Must be able to provide position control information and budget implications, including the implications of filling any positions on benefits as well as salary costs, cost implications over time for County tax dollars (factoring in sources of funds over various periods of time), ability to compare number of positions (full and part-time) by department over time, track vacancies over time, etc.
- The software must either be part of a comprehensive financial system, or be carefully linked to the County's current financial system, and provide the ability to routinely monitor cost flows to assure that sufficient dollars are available to meet payrolls, and to monitor expenses and revenues against various cost centers, grants, etc. The software must easily link to needed financial summaries, creating needed financial summary data without separate data entry and calculations, as is now required in the current system. Rather than manually calculating totals and posting to the general ledger, these should

be calculated automatically by computer and entered into the system, broken down by department and cost center.

- The system must minimize the need for manual clerical overrides of data changes for shift differentials, longevity pay, etc. (see above). In general, the proposed software must minimize the need for clerical reconciliation and data entry in the future.
- The software must generate various management reports on demand, e.g., excessive overtime, comp time, sick time by departments, track departmental errors in entering payroll data, etc. It must have the ability to print out such things as excessive vacation overdraws, sick time, etc. In effect, it must enable better use of data as a management tool as needed. It should include such things as developing a consistent way of calculating comp time, which now varies by departments.
- The ability must exist to provide an independent audit capability from a single system, printing out exceptions according to decision rules built into the system.
- Must include the ability to anticipate and help work through various “what if” scenarios under consideration in collective bargaining negotiation settings; it must be able to test implications during bargaining, rather than only addressing after the fact.
- The software must have the ability to be flexible enough to handle negotiated changes affecting payroll and HR and budget/position control matters.
- It must be able to incorporate the inclusion of protected codes, with access to certain people only.
- The software must be able to incorporate directions from departments concerning whether extra hours are authorized or not, and factoring that into the calculation of overtime, comp time, total pay, etc., without having to have manual adjustments made.
- Must include the ability to automatically produce checks for garnishees, child support payments, retirement checks, reports to unions, etc. without having to produce them manually, as is now the case.



- Must automatically handle adjustments to retirement for people working less than full weeks, as well as programming insurance buyouts, etc. Again, should be automatic rather than manual.
- Automatic link is needed between subsystems, so that changes made once are automatically changed in other appropriate linked files within the system, thus eliminating the need for duplicate entry.
- All current manual records in Personnel (Roster card and Position Control card) must be computerized. In addition, the system must incorporate all temporary appointments into the personnel record (not now recorded in manual roster cards), since they can affect future pay, retirement, etc. A SARA grant may help pay for this process.
- All history of titles, changes in raises, etc. should be computerized. Now they are entered separately in Audit by hand and in Personnel on cards (typed). They should be computerized and centralized in one place.
- The RFP should specifically ask vendors how their systems link various key payroll, HR/employee records, and budget/position tracking needs, and how they compare with current Cattaraugus County operations.
- The RFP should ask vendors to state how their systems can link their HR and payroll systems with the County's existing financial system to produce needed information, and to compare the advantages or disadvantages of such a linkage compared with any capability the vendor may have to create an integrated comprehensive financial system including HR/payroll/position-control capabilities.
- How can a vendor's existing systems integrate with the time clock system likely to be employed by the County?
- How much can their existing systems eliminate the need for manual filters/corrections in the data collection process? How much can that process be replaced by an automated system?
- Ask how vendors would solve three (or more) specific selected problems to be specified in the RFP, e.g.,

- how calculate vacation and sick time according to new County regulations for new hires after July 1, 1999;
  - how track and aggregate data for various specified management reports (would need to provide specific examples);
  - how track employees' use of non-duty time and prevent exceeding limits, etc.
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- Ask vendors how their systems can handle all current relevant data elements.
  - What routine reports can now be generated by each vendor's system, and what flexibility exists to generate new reports? Such as?
  - How would vendors propose to incorporate historical data? What needs to be included, for how far back?
  - What is the vendor's process for loading in records on employees, such as those currently on manual records and from separate existing computerized data bases (e.g., separate manual data and computerized data bases in Personnel, separate manual data and computerized data base in Audit, separate Risk Management data base, etc.)?
  - What capability does the vendor's system allow the County to create its own unique, non-standard queries? Can additional questions be added as needs change, the system gets refined, and the County's users become more sophisticated in how to use the system in the future?
  - What services does the vendor make available, at what costs, over what period of time, to help with implementation of the new system? What ongoing maintenance services, at what cost, over what period of time? What is and is not covered?