



COUNTY OF HUMBOLDT

For the meeting of: 2/1/2022

File #: 22-121

To: Board of Supervisors

From: Supervisor Michelle Bushnell

Agenda Section: Initiated by Board Member

SUBJECT:

Request for the Auditor-Controller to Provide Required Monthly Reports to the Board of Supervisors Regarding Payroll Transition and Impacts and Direction for Re-Evaluation of Payroll Options (Supervisor Michelle Bushnell)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive a verbal update of the requested information from the Auditor-Controller;
2. Direct the County Administrative Officer to return with options to re-evaluate the current processing of payroll; and
3. Direct Department Heads, or designee, to report to the County Administrative Office on outstanding financial transactions and payroll processes.

SOURCE OF FUNDING:

General Fund (1100)

DISCUSSION:

At the Nov. 9, 2021, Board of Supervisors meeting, the Board was updated by Human Resources (HR) on the transition of payroll services to the office of the Auditor-Controller (AC). In that discussion a motion was made by Supervisor Bushnell, and approved unanimously by the Board, to move the monthly update on payroll to a departmental item rather than a consent agenda item going forward and asked that the AC's Office work with the County Administrative Office (CAO) to develop metrics and comparables to evaluate how the transition is impacting the performance of payroll and the other functions in the department. This report was to be a monthly update to the Board. On Dec. 14, 2021, the AC provided an additional verbal report on the payroll transition. The Board requested that the AC coordinate with Supervisor Bass and Supervisor Wilson to develop performance metrics or key performance indicators. A report out on that work is requested. A list of anticipated report dates, through the end of FY 2021-22, is provided below to assist with planning. Note, these dates have been selected as they do not coincide with payroll weeks.

- February 1, 2022

- March 1, 2022
- April 12, 2022
- May 10, 2022
- June 7, 2022

Payroll was transferred to the AC on Sept. 5, 2021. Since that time there has been an influx of payroll errors, including payments to separated employees, leave balance errors, delayed and inaccurate direct deposits, system failures and other process delays. These issues do not stem solely from the AC's Office, however as the department head, the AC has ultimate accountability for determining and reporting how they are being addressed and resolved. In terms of staffing, the AC's Office has been allocated 5.0 full-time equivalent (FTE) positions since fiscal year (FY) 2018-19 (Attachment 2) in addition to transferring 5.0 FTEs from the payroll staff to the AC in FY 2021-22. As seen in other departments at the county, the office has several vacant positions that are taking a long time to fill and other positions in the office where employees are out due to various reasons. As such, allocating additional positions to the department does not appear to be an effective strategy. Significant professional services have been provided to the AC's Office to assist in payroll as well as review and processing of financial transactions. Departments have offered to provide staff to help with payroll or other transactions to ease the workload in the office, and the AC has rejected those offers. Payroll continues to experience significant challenges despite the Board providing substantial resources and departments' offers of assistance. Accordingly, this item requests that the Board direct the CAO to evaluate alternatives to processing payroll and return to the Board of Supervisors at the earliest date possible with options.

In addition, due to the difficulty experienced in acquiring clear metrics and comparables from the AC, this agenda item recommends that the Board direct Department Heads to submit to the County Administrative Office the following information for inclusion in the report to be prepared by the CAO:

- Number of journals outstanding for fiscal year (FY) 2020-21 and FY 2021-22
- Number of outstanding Accounts Payable items
- Number of outstanding budget adjustments for FY 2020-21 and FY 2021-22
- Number of payroll corrections requested
- Type of payroll errors experienced

FINANCIAL IMPACT:

There are minimal impacts to the General Fund from preparation of the recommended monthly reports. However, there could be significant impacts if the reports are not provided leading to deficiencies that could be avoided if the Board was aware of issues.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by managing our resources to ensure sustainability of services.

OTHER AGENCY INVOLVEMENT:

None.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion

ATTACHMENTS:

1. MGO Progress Report #22 - Jan 2021
2. Auditor Controller Staffing History

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: 08/24/2021; 10/05/2021; 11/9/2021, 12/14/21

File No.: 21-1241; 21-1384; 21-1650, 21-1811