

UPDATED STAFF REPORT PER BOARD ACTION 9/29/2020

To: Board of Supervisors

From: Human Resources

Agenda Section: Departmental

SUBJECT:

ADP Project Implementation

RECOMMENDATION(S):

That the Board of Supervisors:

1. Direct the Auditor-Controller (A-C) to complete the General Ledger Mapping Document provided by ADP;
2. Direct the Auditor-Controller to continue to participate in ADP implementation process in good faith; and
3. Approve and authorize the Chair to sign the Master Service Agreement with ADP.

SOURCE OF FUNDING:

N/A

DISCUSSION:

In response to payroll and organizational alignment challenges, in the fall of 2019, the County of Humboldt, acting through representatives from the County Administrative Office, Office of Human Resources, and the Office of the Auditor-Controller (the committee), began to review external providers of payroll and human capital management software and services. Initial outreaches were to well-known providers in the space and included Paychex, NeoGOV, Workday and ADP. On October 25th, 2019 the Auditor-Controller contacted the Project Manager (PM) offering to facilitate a connection between the committee and Kronos, another provider of the services being sought. A subsequent connection was made, and Kronos joined the other platforms under consideration. A review of the County's current enterprise resource planning (ERP) software, One Solution, also took place and it was determined that the software was not capable of meeting the county's needs; the county was also contacted by Paylocity, another provider of payroll solutions and held a discussion. An on-site demonstration was conducted by ADP (October 31, 2019); Kronos (November 21, 2019), and Workday (December 11, 2019). A virtual demonstration was conducted by NeoGOV on November 1, 2019. A discovery call was also conducted with PayCHEX on November 1, 2019.

After the initial round of demonstrations and discussions, it was determined that while robust, NeoGOV, Paylocity, and PayCHEX would not be able to meet the county's needs. More specifically, the payroll module of the NeoGOV product was a relatively new offering and the reference agency had not yet gone live, making a thorough evaluation difficult. Paylocity, a smaller firm did not have deep public sector experience and did not progress beyond an initial call. PayCHEX did not respond in time to conduct an on-site demonstration and the PM was advised there would be challenges associated with signing a contract.

ADP returned for a second, more in-depth demonstration on November 25th, and Kronos returned on December 13th. Subsequent telephone conversations with Workday in which the committee discussed system capabilities, change resources, and implementation approach were also held during this time. On December 16th, 2019, the committee met to evaluate the solution capabilities presented and determined that further demonstrations of specific scenarios common to those encountered during the normal course of work at the County of Humboldt would be requested of Kronos and ADP. This additional step would ensure that the committee performed a thorough review of potential partners.

It should be noted that the Auditor-Controller was traveling on business December 16th and thus unable to attend the evaluation meeting - this was not purposefully done but rather reflected the realities associated with the coordination of multiple schedules. The A-C communicated her concerns to the Project Manager and an offer was made to have the A-C participate by phone, if able. Ultimately, the A-C was not able to participate in the evaluation meeting but her proclivity for Kronos was both noted and conveyed to the committee by the Project Manager.

It should be recognized that the committee enjoyed robust participation from the A-C during the vendor selection process. The A-C meticulously took notes on all presentations, asked pertinent questions, and visibly focused her energies on ensuring she was prepared to make an informed decision. This withdrawal culminated in an email response from the A-C to the Project Manager on March 28th, 2020 asking that she be excluded from future ADP project team related communications.

It should be noted that ADP gained distinction from its competitors due its ability to solve our organizational challenges related to time, attendance, and payroll through the combination of automation and managed services. The introduction of a unified, broadly adopted time and attendance platform which creates standardized departmental payroll processes would make county payroll operations more efficient in an environment of limited staffing resources – our primary challenge at the time. These benefits were enhanced by the breadth and depth of ADP’s service offerings such as W-2 preparation, tax payment services, employee self-service options, education resources and Affordable Care Act (ACA) assistance. The ADP platform also offered a high degree of configurability which provides our departments with significant latitude with respect to processes while also providing appropriate standardization around processes to maximize efficiency. Finally, as ADP does not offer a finance system, the ADP platform could be implemented with little to no disruption to the general ledger/accounting processes while simultaneously providing opportunities for a clear separation of duties and oversight. ADP has a rich and deep history in the payroll space and their technology represented the ideal solution to our agency’s challenges.

From a technological standpoint, the ADP platform is distinguished from our current system primarily through its more modern architecture, its unique combination of managed services and automation, and client support services. Over time, ADP has developed expertise and technological “know-how” related to payroll processing, human resource information systems, and tax processing. While our current technological infrastructure can automate several processes, its ability to directly manage certain aspects of the processes is virtually non-existent. This is critical

as the combination of managed service and automation should create increased efficiency and build organizational capacity. The amount of organizational resources required to support our current technology exceeds that required to support ADP. Our current technology requires our informational technology team to directly provide technological support for the product which occasionally includes writing code to support the system. In contrast, the ADP product offers robust support to clients through their National Accounts team, thereby reducing the demands on county Information Technology (IT) staff and creating efficiencies - which is essential in an environment of staffing resource strain.

From a payroll standpoint, the ADP product is distinguished from our current technology in the ability to perform retroactive corrections, Family Medical Leave Act (FMLA) tracking, and workflow processes. Using our current technology, retroactive corrections, timecard and payrate corrections are not allowed. This produces significant downstream effects which include staff having to manually calculate and process adjustments. In the ADP platform, the system calculates adjustments and any additional pay can easily be issued as part of the next payroll period pay. With respect to FMLA tracking, the tool associated with our current platform is not as robust and therefore, does not provide the user with comprehensive information related to employee leaves. The system can track eligibility - which is a simple calculation of number of hours worked equals eligibility - however, it cannot track leaves and the use of hours that impact FMLA or California Family Rights Act (CFRA) eligible leave. Finally, the workflow process in our current platform is client-serviced, requiring our IT team to accept responsibility for the performance of additional service-oriented tasks. In the ADP platform, workflow is easy to establish, highly configurable, and supported by ADP resources, if necessary. In aggregate, these differences create significant inefficiencies which often compound challenges associated with our current operational environment.

Between November 2019 and January 2020, and in a parallel effort, the Project Manager began exploring policies related to issuance of a formal Request for Proposals (RFP) and whether moving forward with an RFP would be a better approach under our circumstances. Upon further discussions with the County Administrative Office, Purchasing, and County Counsel, it was determined that the County would issue a formal RFP to ensure a fair and equitable process. RFP HR2020-101 was subsequently released on February 25th, 2020 and an effort to advise prospective partners of its release was undertaken. However, in response to continued payroll challenges exacerbated by inconsistencies with respect to organizational processes around payroll, on March 3, 2020, your Board directed staff to cancel the RFP and authorized the Director of Human Resources to sign a Letter of Engagement with ADP® for payroll services pending the Board's approval of a negotiated agreement.

Since March 3, 2020, the Human Resource (HR) department has worked diligently to move the implementation of ADP forward. Sample tasks completed include coordinating internal resources, assembling the project team and identifying roles and responsibilities, developing the various plans associated with the project, and coordinating with external stakeholders and advisers. HR is pleased to report that the project team has largely managed to remain on schedule and on cost plan.

Successful implementation of the ADP platform requires the submission of a completed General Ledger (GL) mapping document by the County of Humboldt. The GL mapping document allows

ADP GL consultants to develop a detailed understanding of the county's GL structure, ensures that the ADP platform is appropriately configured, and that all necessary financial data are accurately captured and transferred to the GL. For example, employee deductions such as health insurance and retirement will be captured by ADP and then will need to be posted accurately to the county's General Ledger. This allows for the Office of the Auditor-Controller to perform its appropriate auditing and oversight functions. Unfortunately, despite many efforts, the ADP project team has been unable to procure a complete and accurate GL mapping document from the Auditor-Controller. A detailed chronology of events concerning the GL mapping document is provided below.

- July 2nd, ADP GL Kickoff call takes place; GL mapping document provided to county project team with target return date of July 16th
- July 2, PM emails A-C, IT, and Certified Public Accountant (CPA) Consultant A to share document and offer to assist with completion; CPA Consultant A offers to coordinate meeting.
- July 8, meeting with HR, A-C, and CPA Consultant A takes place; GL mapping document is reviewed.
- July 17th ADP GL team reaches out to county project team to follow up on document status and extends offer to assist; PM advises that we are in the process of completing.
- July 21st, PM reaches out to ADP GL team to request another copy of GL mapping document.
- July 21st, CPA Consultant B is contacted and asked to complete GL mapping document.
- P.M advises HR leadership that A-C has not provided completed document; PM advised to brief full committee.
- July 23rd, CPA Consultant B provides ADP and PM with a copy of GL mapping document; document is incomplete.
- July 23rd CPA Consultant A sends PM email expressing concerns over Consultant B completing GL mapping document in place of A-C.
- July 23rd, PM emails A-C to request GL mapping document.
- July 27th, GL Consultant B submits more complete version of GL mapping document.
- July 27th, PM emails ADP GL team to not move forward with GL mapping document submitted by CPA Consultant B.
- August 4th, A-C sends PM version of GL mapping document and apologizes for delay; PM submits document to ADP GL team.
- August 6th, ADP GL team advises PM that they have questions regarding GL mapping document submitted on August 4th and request call to review. Meeting set for August 11th.
- August 11th A-C, PM review GL mapping document (submitted 8/4) with ADP GL team; advised document incomplete. Missing information provided in email to A-C and PM after call completed.
- August 11th, PM sends A-C version of mapping document with additional GL users added to assist with revision process.
- August 17th, PM emails A-C to check on status of document completion; advised that A-C has been dealing with Finance Enterprise related issues.
- August 17th, PM emails Payroll Services Manager to discuss earnings account numbers discrepancy identified during August 11th call with ADP.

- August 18th, PM and A-C have a phone call where several items are discussed.
- August 24th, PM send A-C letter from ADP Executive Sponsorship Committee requesting completion of GL mapping document

Throughout this process, several attempts were made to secure the GL mapping document to no avail. The importance of Auditor-Controller participation in this initiative was recognized from inception which is why the A-C was made a member of the initial evaluation committee, placed on the RFP evaluation committee, and placed on the ADP project team. The importance of the oversight role of the Office of the Auditor-Controller cannot be understated and every effort to respect this role was provided before and during implementation.

Through numerous discussions with the Auditor-Controller, it was learned that the A-C's strong desire is to re-acquire the responsibility for payroll and that all modules of Finance Enterprise be implemented and deployed, consequently rendering the ADP implementation dispensable. While the ADP Executive Sponsorship Committee respects the A-C's advocacy of, and expertise in, Finance Enterprise to implement and deploy the payroll functions to be facilitated through ADP; the resource management savings from both a payroll Personnel and IT hosting services perspective with ADP would not be realized. In addition, the technological features and expertise to be harnessed through ADP, as noted previously, would be lost.

Since March, ADP has invested significant resources in the implementation of our product and our transition to their platform. Despite the delay associated with completion of the GL mapping document, ADP has continued to provide support and assistance in myriad ways to prepare us for our eventual transition and kindly request Board approval of the Master Services Agreement (MSA), the contract that details the products and services to be provided. The MSA is attached for your Board's approval.

FINANCIAL IMPACT:

Non-completion of the GL mapping document may have serious impacts to the implementation schedule of the project and further strain the county's internal payroll resources. This may lead to increased costs associated with the project. Staff recommends the Board direct the Auditor-Controller to engage in good faith efforts to complete the GL mapping document immediately and provide the document to the ADP GL team. The ADP project team stands ready to assist in any manner requested.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework by investing in county employees and fostering transparent, accessible, welcoming and user friendly services

OTHER AGENCY INVOLVEMENT:

None

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board may choose not to direct the Auditor-Controller to complete and submit the GL Mapping Document and offer good faith participation in the ADP implementation but doing so may substantially delay or prevent the implementation of the ADP platform.

ATTACHMENTS:

Letter from ADP Project Executive Sponsors
Committee ERP Vendor Pro/Con list
ADP Master Service Agreement

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A
Meeting of: 2/25/20, 3/3/20
File No.: 20-183, 20-291