



COUNTY OF HUMBOLDT

For the meeting of: 10/13/2020

File #: 20-1371

To: Board of Supervisors

From: County Administrative Office

Agenda Section: Departmental

SUBJECT:

Resource Allocation for the Human Resources Department and Auditor-Controller's Office to Support a Payroll Transition to ADP and Transfer from Contingencies (4/5 vote required)

RECOMMENDATION(S):

That the Board of Supervisors:

1. Receive the staff report on resource allocation for the Human Resources Department and the Auditor-Controller's Office to support a payroll transition to ADP;
2. Transfer from Contingencies (4/5 vote required) in the amount of \$85,000 to supplement budget 1100 130 Human Resources for support resources required for ADP implementation; and
3. Alternatively, consider the Auditor-Controller's request for additional staff and a supplemental budget request as detailed in the staff report.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

On Sept. 29 your Board heard from the Human Resources Department on the ADP project implementation and the challenge with receiving the general ledger (GL) mapping document. In order to receive the GL mapping document your Board voted to approve staff recommendations with the following amendments: to strike a sentence from the staff report; to include the Auditor Controller (AC) on the ADP Executive Sponsorship Committee; and to ask the County Administrative Officer (CAO) to return with an item identifying resources that would be required to assist the AC in completing the GL mapping document.

The CAO reached out to the AC on Sept. 29 and 30 with questions for clarification and received the following request and responses on Oct. 2.

The AC's request is for 3 permanent staff: Assistant Auditor-Controller, Senior Accountant/Auditor and an Executive Secretary. If 3 permanent positions are a hardship for the Board, the AC is willing to

make do with an extra-help Executive Secretary position for 960 hours.

It is important to note that the AC stated the request for an “Assistant Auditor-Controller and a Supervising Accountant as recommended by Koff and Associates.” A classification study is not a staffing study (addition or reduction of staff). That being said, the Assistant Auditor-Controller did indicate that it would be helpful to have a supervisory level classification. Koff and Associates did not observe that any one individual was operating in this capacity. However, Koff and Associates did create a supervisory classification level so that the County could utilize it a point in time where operational needs are supported the use.

Per the AC, the assignments the new permanent staff would undertake include the following:

- auditing federal and state grant claims and providing their certification (this is for DHHS, Probation, Sheriff, and District Attorney)
- reviewing and providing their certification for Senate Bill (SB) 90 claims
- reconciling the revenue and expenditure of all central service departments as required by 2 CFR 200
- reconciling Asset Forfeitures
- reconciling Vehicle Abatements
- reconciling Certificates of Participation activity
- preparing the tax return for the Humboldt County Public Property Leasing Corporation (AC states this is optional)
- reconciling the Miscellaneous Trust fund
- pursuing independent audits of all special districts as required by Government Code 26909
- reconciling payroll activity & preparing quarterly reports (Form 941 to the Fed and Form DE 9C to EDD)
- reconciling use tax activity for the County
- reconciling all cash accounts held by departments and the Treasury on a monthly basis as required by Government Code 26904/26906
- reconciling all investment accounts held by departments and the Treasury on a monthly basis as required by Government Code 26904/26906
- monitor budget-to-actual activity and processing adjustments
- compiling all lease activity from all departments in preparation of the implementation of GASB 87
- reconciling all loans and leases for the County
- review of subsequent events and transactions related to Accounts Payable and Accounts Receivables accruals for year-end
- address and correct all 10 audit findings as required by our external auditors
- provide direction regarding accounting guidelines to all departments and special districts

The timeline for the AC to complete the chart of accounts project was originally 2 years. The AC is

being asked to expedite this project and will need to defer certain aspects of the project with the intention to cleanup the project after January 1st. There are 3,500 object codes of all different types that will need to be consolidated, converted, or purged to make room for the creation of all of ADP's pay codes that currently do not exist in Finance Enterprise. In order to meet the county's deadline, the AC will need to "dump" them into temporary holding bins and postpone the correct categorization for after the ADP implementation. Given timing delays to receive Board approval for additional resources and the recruitment process, the AC is anticipating that work on the chart of accounts will begin in early November. It will take the AC 3 uninterrupted weeks (1,000 object codes and their historical records per week) to reconstruct the chart of accounts for object codes. The estimated completion date would be December 4th.

As stated by the AC, once the chart of accounts is restructured, the GL mapping document can be easily completed. It is a matter of filling in the object codes. There is a long list of pay codes used by ADP. The AC estimates this portion of the project can be completed in 1 week, at most. The AC states the GL mapping document can be completed by December 11th.

The AC was asked to consider using a consultant to assist with the chart of accounts and general ledger mapping projects. The AC was not interested in using a consultant as she felt permanent staff will be more invested in the success of the department. This is consistent with the AC's past practice to not utilize consultants such as Macias Gini & O'Connell LLP (MGO) for the development of financial policies and Robert Sesnon, CPA for the chart of accounts project.

If your Board is supportive of this request from the AC below is a possible motion for your Board's consideration:

“Allocate a 1.0 FTE Assistant Auditor-Controller (salary range 501, class 0646), 1.0 FTE Senior Accountant/Auditor (salary range 427, class 1632) and a 1.0 FTE Executive Secretary (salary range 352, class 0163) to budget 1100 111 Auditor Controller.

Transfer from Contingencies (4/5 vote required) in the amount of \$164,102 to supplement budget 1100 111 Auditor Controller in the following amounts for fiscal year 2020-21:

1100-111-1100 Salary and Benefits	\$109,234
1100-111-1470 Health Insurance	\$17,299
1100-111-1472 Dental Insurance	\$2,190
1100-111-1500 Retirement	\$31,519
1100-111-1600 FICA/Medicare/OASDI	\$3,860”

It should be noted that from the perspective of ADP, the GL mapping is three months past due and therefore time is critical. In order to meet the January 1st ADP implementation deadline the GL mapping document must be received no later than Friday, November 6, 2020. This “hard stop” date is adjusted to reflect an already compressed project timeline caused by a nearly three-month delay of having no GL mapping document. Implementation of ADP will be at risk if the GL mapping document

is not provided by November 6. This date is not arbitrary, but rather is congruous with the other aspects of the plan. The current plan calls for completing the validation phase of the project on October 18th and entering the testing phase of the project on October 19th through December 18th, the day implementation must be completed to go live on schedule.

During the testing phase, the project teams will have the opportunity to test system functionalities related to human resources information system, time and attendance, and payroll. Project teams will have the opportunity to simulate and test the employee lifecycle from hire to retire and complete the payroll cycle from timesheet through payroll and GL posting. This highlights why completion of the GL mapping document is critical, as without it, the project teams cannot test for posting accuracy which will produce financial challenges and reporting inaccuracies for the County.

At your Board's direction received on Sept. 29 attempts were made by the ADP Executive Sponsorship Committee to meet with the AC and ADP beginning Oct. 2 through Oct. 9. An ADP Executive Sponsorship Committee meeting took place on Oct. 7. The AC declined the invite. However, as of this writing an ADP Executive Sponsorship Committee meeting has been accepted by the AC for the afternoon of Monday, Oct. 12. Therefore, there is no current agreement on receiving the GL mapping document.

The ADP Executive Sponsorship Committee has identified an alternative approach available for producing a completed GL mapping document which reflects the County's current structure. Specifically, this would involve leveraging a combination of County Information Technology (IT) staff resources and reports, HR-Payroll staff input, Finance Enterprise/Central Square IT support, external CPA support and the ADP GL team. The action plan would include, using a combination of County IT generated reports and knowledge, Central Square (owners of Finance Enterprise) support, the deep knowledge and experience of a frequently used Certified Public Accountant, and robust inter-group discussion to produce a final document. It is important to convey that this group would only be using information that supports the County's current GL design, not offering any changes.

Unfortunately, the ADP project has incurred additional costs to the County due to the delay associated with the completion of a GL mapping document. These costs are largely due to requisite support resources needed to ensure project progress and adherence to the revised implementation timeline. These revisions are a direct result of the delays associated with the project team's inability to procure a completed GL document. Additional costs include:

Client-Side ADP Implementation Consultant	\$35,000
ADP Strategic Advisory Support Services	\$15,000
2020 Affordable Care Act (ACA) Reporting	\$35,000

In aggregate, these resources will perform a number of tasks such as supporting the technical integrations with critical systems such as NeoGOV, providing support to payroll staff through the performance of systems testing and future state process recommendations, ACA reporting and compliance, and future state finance reporting recommendations. These costs were avoidable had the document been secured in a timely manner however now they are now required. The project teams are

confident that the project can be successfully implemented with these resources.

FINANCIAL IMPACT:

Detailed salary information for the AC's staffing request can be found in Attachment 1. Also attached in Attachment 2 is a history of AC staffing. Annual salary and benefit costs for 3 new permanent positions range from a low of \$259,844 to \$333,450. If your Board chooses to approve the permanent allocation of 3 positions the estimated cost is \$164,102 for the remainder of the current fiscal year.

Direct ADP project timeline related expenses total \$85,000 as noted above. These costs are all but certain to increase the longer it takes to complete the document as further delays will result in further resource strain causing an expansion of the scope of work of support resources. A transfer from Contingencies in the amount of \$85,000 is recommended in order to complete the ADP project.

OTHER AGENCY INVOLVEMENT:

Not applicable.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board could decline to allocate permanent additional resources to the AC's Office and instead allocate funds for a Certified Public Accounting firm to assist with the chart of accounts and the GL mapping document. This firm could report directly to your Board, and/or another county department of your choosing to ensure compliance with the recommended scope of work. A proposal is attached (Attachment 3) for your Board's consideration.

ATTACHMENTS:

Salary and Benefits
Auditor-Controller's Office Staffing History
MGO Proposal

PREVIOUS ACTION/REFERRAL:

Board Order No.: H3; C17
Meeting of: 9/29/20; 3/3/20
File No.: Click or tap here to enter text.