

Appendix A - High Level Payroll Business Functions

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1 High Level Payroll Business Functions

The Payroll function is responsible for collecting and processing employee time; paying employees; deducting, withholding, and depositing taxes; reporting to federal and state agencies; deducting, withholding, and paying child support and garnishments; deducting and withholding employees' benefit contributions; providing information with other areas of the county including Accounting, Benefits, Budgeting and Human Resources and maintaining payroll records in compliance with federal and state laws and regulations.

1.1 Current Time Capture Process

The current time capture environment is inefficient and non-standard. The county has at least fourteen different side systems that are involved in capturing and reporting employee time. The side systems are interfaced directly into MSA or PeopleSoft or into MSA via a home-grown system called Payroll on Line (POL). These differing methods of capturing time have resulted in differing time capture processes throughout the County. Currently, the schedules for when employees need to submit their time worked to payroll administrators are set by and vary across the county agencies depending upon the time capture system used. The following is a summary of the current county time capture processes:

- The county has two different HR/Payroll systems, MSA and PeopleSoft that pay employees on two different payroll cycles. As a result of managing two Payroll systems, the County has two distinct sets of business processes.
- Currently, the schedules for when employees need to submit their time worked to payroll administrators are set by and vary across the county agencies depending upon the payroll cycle.
- The MSA system is over 25 years old and runs on the county's mainframe. Currently, most MSA processes involve paper forms, keyed data entry and overnight batch processes. (The MSA On-Line Project, to be completed by June 2007, will eliminate many of the paper forms.) Time is collected by agencies on various forms, via agency side systems and/or via POL. Time entry data is validated during MSA system validation runs executed by ITS technical support staff. Validation errors are addressed by centralized Payroll Operations in collaboration with the agencies as necessary.
- The PeopleSoft system is a modern human resources and payroll enterprise application. Most PeopleSoft processes involve distributed data entry with online edits and online, real time posting processes. Time is collected from employees by agency timekeepers using forms, employees entering their time directly into the system or by agency side systems. There are approximately 1,000 employees who enter their time directly into PeopleSoft via self-service time entry.
- The county has at least 14 different side systems that are involved in capturing and reporting employee time. The side systems are interfaced directly into MSA or PeopleSoft or into MSA via a home-grown system called POL.

1.2 Current Payroll Administration Process

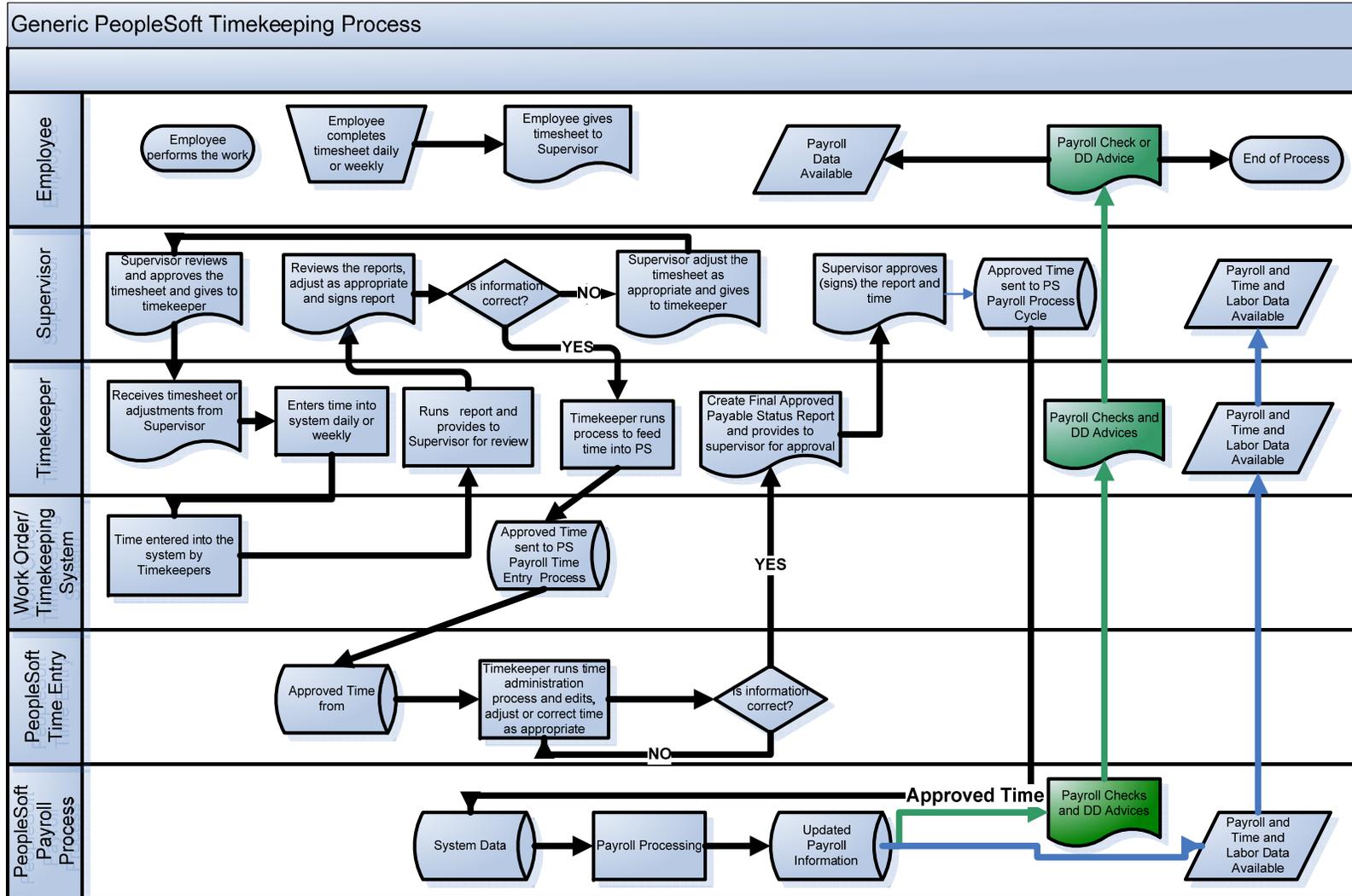
Although the current environment for the payroll business area is stable, the County operates on two different payroll systems (MSA and PeopleSoft) and two different pay cycles (semi-monthly and bi-weekly). This has resulted in an inefficient payroll operation that makes it difficult to standardize and implement best business practices. Approximately 11,000 county employees are paid on the semi-monthly payroll cycle on the MSA system. Approximately 7,000 employees are paid bi-weekly on the PeopleSoft system. The two payroll systems drive different payroll processes. Payroll staffs in the agencies and central payroll operations have different standard practices, procedures and schedules. The county has no standard work week and must manage multiple work schedules. There is no consistency in pay period data. MSA's pay period covers a half month and the number of days varies based on the days of the month. PeopleSoft's pay period always covers two weeks (14 days). PeopleSoft is currently being upgraded from release 8.0 to 8.9. Accounting for Agencies on bi-weekly payroll cycle is delayed. Accounting for monthly labor costs can not be completed until the last payroll of the month is processed, often resulting in a delay of at least 13 days before monthly financial statements are completed.

The following is a summary of the current county payroll processing processes:

- Approximately 11,000 county employees are paid on the semi-monthly payroll cycle on the MSA system. Approximately 7,000 employees are paid bi-weekly on the PeopleSoft system,
- The two payroll systems drive different payroll processes. Payroll staffs in the agencies and central payroll operations have different standard practices, procedures and schedules due to the two systems,
- For central payroll operations, dual management and special consideration and coordination is required to complete each month's combined payroll. This has resulted in an inefficiently payroll operation that has significant associated costs,
- The county has no standard work week and must manage multiple work schedules,
- There is no consistency in pay period data. MSA's pay period covers a half month number of days which vary based on the days of the month. PeopleSoft's pay period always covers two weeks (14 days),
- PeopleSoft is currently being upgraded from release 8.0 to 8.9. The 8.9 software includes new functionality that will be evaluated for implementation after the upgrade project. The upgrade project is scheduled to be completed October 2007., and
- Accounting for Agencies on bi-weekly payroll cycle is delayed. Accounting for monthly labor costs can not be completed until the last payroll of the month is processed, often resulting in a delay of at least 13 days before monthly financial statements are completed.

Flowcharts of current time capture and payroll processes for MSA and PeopleSoft HCM are presented in the following flowcharts respectively.

1.4 Flowchart of Current Time Capture and Payroll – PeopleSoft



1.5 Process Inefficiencies

The current time capture and payroll processing environment has contributed to a number of process inefficiencies. The following is a listing of some of the known process inefficiencies. Many of these items were identified in the QBC report of 2004¹ and have been confirmed by the ABT work completed over the last five months.

- The employee data updating process for MSA is a manual, time-consuming, forms-based process. Many of the forms are out of date and do not reflect current process.
- Forms are physically transferred to Data Entry staff by hand from remote work locations from throughout the county.
- The MSA process for time and employee data entry, approval, validation, and correction is a slow, laborious, error-prone procedure.
- Data is currently entered into MSA by data entry staff via a third party data input system. The data entry process requires execution through four conversion programs before it is actually entered into to MSA.
- County Agencies employ many different time entry systems and processes. The County has no standard time capture system. In many agencies, employee time is manually recorded multiple times each pay period into multiple systems. This results in time consuming, inconsistent error corrections and much re-work.
- PeopleSoft employee self time entry is not fully implemented in several agencies using PeopleSoft. Completing and gathering of timesheets is a manual process that is inefficient and requires data entry staff to enter employee time into PeopleSoft that can result in data input errors
- There are no standard defined processes for transitioning an employee from MSA to PeopleSoft (pay, benefits, leave balance, etc.). The lack of defined employee migration process has led to pay errors.
- The MSA User Documentation is out of date. The payroll manual was written in 1970's and was last updated in the 1990's.
- Many policies are decided at the department level for certain payroll practices resulting in inconsistent payroll application across the county.
- Labor contracts payroll terms are not consistently negotiated, resulting in considerable time spent by Payroll Operations and Agency Payroll staff in implementing the payroll provisions of newly settled contracts. The 30-day implementation requirement in many cases does not allow sufficient time to implement the payroll provisions.
- MSA Human Resources and Payroll validation runs are executed within specific, limited periods within each pay cycle – Human Resources generally run during a four-day period and Payroll during a two to three day period. This results in a logistic challenge for County agencies.

¹ Quantifiable Business Case, Business Operations Model Report, Dye Management Group, Inc., July 16, 2004.

- Inadequate access to data. It is difficult to obtain employee data in a timely manner out of MSA and requires the assistance of MSA system developers to run ad hoc reports needed for department analysis purposes.
- MSA system inflexibilities require manual effort work-around. For example, FLSA exempt employees must be changed at the beginning of the month. If an employee goes to half-time in the middle of a pay cycle, the employee will still be paid at current level until the next period. This results in manual adjustments. Also, the system requires projecting hours worked for employees before they work the hours. This results in significant payroll adjustments on a routine basis.
- The MSA system has insufficient system data storage capacity to keep reports generated by more than one payroll cycle; this eliminates the ability to regenerate reports that are lost or damaged.
- Larger MSA payroll cycle reports and archived payroll cycle data is printed to microfiche. Microfiche is an antiquated storage medium and is cumbersome and time-consuming to access.
- The MSA software version and platform are antiquated compared to modern human resources/payroll system infrastructures including the latest version of MSA, which is Web-based. The “batch processing” environment with forms and keypunch data entry is slow and tedious compared to the processes surrounding modern installations.

2 Best Business Practices

The following is a listing of the best business practices for time capture and payroll administration. The listing also shows which of these practices is software related and whether PeopleSoft supports the practice.

Time Data Entry		
Best Practice Detail	Software Function	PeopleSoft Supports
Web enabled time-collection tools used to record, calculate and validate time worked.	Yes	Yes
Verified time-worked posted automatically to payroll system.	Yes	Yes
Tracking of time against defined labor distribution categories which provides enhanced productivity reporting and more accurate accounting of payroll charges.	Yes	Yes
Exception-based time collection utilized for exempt employees when the organization does not have labor tracking distribution requirements.	Yes	Yes
One system used to capture actual time-off, calculate accrued time, validate actual time off against accrued time, apply eligibility rules (min, max, probationary) to track and maintain overall balance for all employees (salary and hourly).	Yes	Yes

Time Data Entry		
Best Practice Detail	Software Function	PeopleSoft Supports
One enterprise-wide Time and Attendance application used for all labor management, time reporting, and employee leave entitlements.	Yes	Yes
Time and Attendance application that is integrated with the Human Resources and Payroll System, and automatically updates new hires/changes, personal, vacation, sick and other accrual balances.	Yes	Yes
Non-Union work rules and pay rules are standardized across the organization.	No	
Capacity of the current systems to minimize or eliminate manual calculations.	Yes	Yes
Retroactive computations of hours and pay for prior period entries, and automatic updates to payroll and G/L for the adjusted time transactions.	Yes	Yes
Time and Attendance system offers effective dating of mid pay-period employee master record changes including any data element that impacts the pay or accrual profile of the employee.	Yes	Yes
Manager and Employee self-service is utilized; employees have the capability to enter, edit and validate their own time.	Yes	Yes
Time hours reported are utilized in determining FMLA criteria eligibility.	Yes	Yes
Managers are responsible for review and approval of time card completeness prior to pay period closing.	Partially	Yes
Approvals based on exception parameters.	Yes	Yes
Pay Time codes are standardized across the organization.	Yes	Yes
Creation of schedules based on labor standards and business forecasts.	Yes	Yes
Employee schedules are utilized to facilitate exception reporting.	Yes	Yes
Ability to process end of year rules for leave entitlements (e.g. carryover/payout/elimination).	Yes	Yes
Time resulting from prior period adjustments is isolated for FLSA calculations.	Yes	Yes
Utilize actual data from Time & Labor system to more accurately calculate the monthly Payroll accrual for the General Ledger.	Yes	Yes
Contingency plans in place in the event of a time and attendance system failure (e.g., forecasting the payroll or processing the same hours as the last payroll processed for hourly employees).	Yes	Yes – with some manual and technical intervention

Time Data Entry		
Best Practice Detail	Software Function	PeopleSoft Supports
Pay rates are stored (HR is source of data) in the Time and Attendance application to perform gross processing.	Yes	Yes
Time management for non-employee (Temporary, Contractor, etc.) maintained through T&A application and hours worked are reconciled against hours billed.	Yes	Yes
Central payroll has the ability to review the number of time cards that are not approved to send alert prior to closing of pay period.	Yes	Yes
Time and Attendance application that is integrated with the Payroll system. The T&A passes pay period information to the Payroll system automating the time to gross detail process.	Yes	Yes
Time and Attendance system that has the ability to import and export data to other applications.	Yes	Yes
Supervisory access limited to departments/employees assigned.	Yes	Yes
Creation of a rule repository to facilitate contract review and validation to determine whether or not contract provisions are being enforced. Additionally useful in standardization and comparison in contract negotiations.	Yes	Yes
Process in place to archive time and attendance data and retrieve easily.	Yes	Yes
Time and attendance application that can support multiple languages.	Yes	Yes

Payroll Administration		
Best Practice Detail	Software Function	PeopleSoft Supports
All employee issues and resolutions are handled by one centralized point of contact (preferably a shared services center) and tracked to ensure timely closure and satisfaction.	No	
Pay cycle standardized across employee population.	No	
Same ERP system used for HR, Payroll, and G/L or automated interfaces ensure timely and accurate updates.	Yes	Yes
Wages and salaries calculated automatically within the payroll system.	Yes	Yes
Taxability of deferred compensation is handled automatically in the payroll system.	Yes	Yes
Business expenses reimbursed through payroll.	Yes	Yes

Payroll Administration		
Best Practice Detail	Software Function	PeopleSoft Supports
Deductions calculated automatically based on established rule sets maintained in the payroll system.	Yes	Yes
Garnishments module integrated and automated with payments and reporting through electronic interface to agencies, where possible.	Yes	Yes
Employee self-service utilized for update and verification of basic data, such as name, address, bank account, tax exemptions, and deductions with automated verification controls downstream to prevent obvious errors and to facilitate related data capture/update (such as tax records).	Yes	Yes
Employee self-service utilized for update and verification of benefits information.	Yes	Yes
Direct deposit of employee paychecks and pay cards utilized by at least 60% percent of all hourly employees	No	
Direct deposit of employee paychecks and pay cards utilized by at least 90% of all salaried employees.	No	
Eliminate pre-note process for direct deposit startup and changes.	No	
Self-service utilized for distribution of and access to pay advices. No hard copy pay advices are distributed.	Yes	Yes
Positive pay system should be in place with banks.	No	
EDI, ACH and/or other electronic means are utilized for payroll remittances to governments (taxes, child support, and garnishments) and third party vendors.	Yes	Yes
Benefits deduction payments and activity interfaced with benefits providers.	Yes	Yes
Advanced vacation payments and other separate disbursements eliminated, where allowed.	No	
Adjustments to issued checks are handled during the next pay cycle instead of creating off cycle checks. Retroactive changes are automatically calculated within the payroll system.	Yes	Yes
Mid-period adjustments to an employee's pay are incorporated within the payroll system based upon the effective date of the transaction and respective pro-rata amounts are calculated automatically.	Yes	Yes
Payroll cost information is maintained and reportable within a data warehouse application outside of the core transaction systems and GL.		
Standardized trending and management reporting.	Yes	Yes
Automated reconciliation and exception reporting.	Yes	Yes
Decision support reporting environment available to power		

Payroll Administration		
Best Practice Detail	Software Function	PeopleSoft Supports
users.		
Managers are provided access to, training about, and encouragement to run pre-defined (self service) reports.	Yes	Yes
All people cost items related to fringe benefits are centrally managed.	No	
All material adjustments for Salary/Wage/Fringe (SWF) are processed through HR/Payroll environment.	Yes	Yes
One single method to perform payroll cost accounting using a primary cost allocation model (rates, actual, or allocations).	No	
Programs established to train employees on cost allocation processes.	No	
A quality methodology is adopted and implemented to standardize evaluation of process improvement opportunities and measure the efficiency and effectiveness of the payroll operation.	No	
Service level agreement are established and monitored with business unit customers and third party services providers. Customer satisfaction surveys are conducted periodically to monitor service and satisfaction levels.	No	
SAS 70s are obtained from those large third party service providers handling significant payroll processing responsibilities for the company.	No	
HR and Payroll data privacy and protection policies are established and communicated to employees.	No	
Multiple levels of role-based security to allow controlled inquiry and update access to data, reporting and system controls.	Yes	Yes
Company ID numbers are automatically generated by the HRMS. National ID and social insurance numbers are not used for privacy reasons. A single global HRMS is utilized to record HR data.	Yes	Yes
Strong governance over core Payroll process definitions, table maintenance, security, limits of authorities, escalations, etc.	Yes	Yes
Comprehensive data retention, disaster recovery, and business continuity strategies are in place.	No	

3 Future Process Description

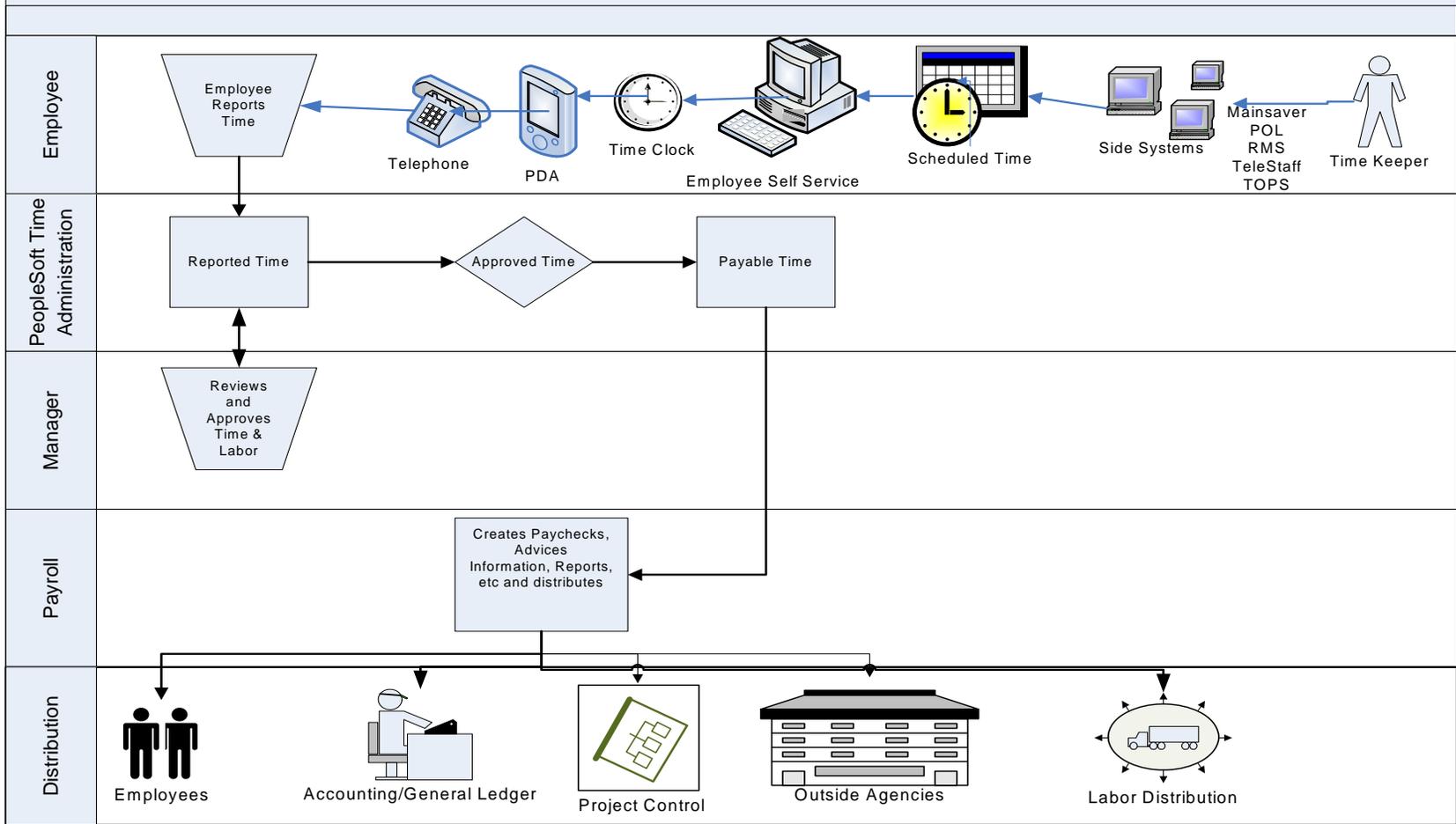
The future time capture and payroll administration processes will include the following features:

- All employees paid on a common, bi-weekly pay cycle,
- A limited number of standard work weeks that FLSA overtime calculations will be based,
- Employees entering time once via a variety time capture methods, i.e. the web, telephone, PDA, card swipe, time clock, etc.,
- A standard time capture system,
- Reducing the current 13 day lag time (between pay period end and pay day) on the biweekly pay cycle,
- Accounting, labor distribution and project coding is capture and edited during the time capture process,
- All employees paid by PeopleSoft,
- Standard business processes for employee time capture,
- Standard business processes for selecting new time capture systems and other side systems with PeopleSoft,
- Payroll information provided to the financial system that is accurate and timely that meets labor distribution, project and grant accounting business needs,
- Payroll information provided to agencies that is accurate, accessible, timely, and meeting their business needs,
- Payroll information provided to employees that is accurate and accessible via the web,
- Operations team that is single source for payroll administration services including implementing the payroll provision of union contracts and administering payroll policies and procedures.

3.1 Flowchart of Future Time Capture and Payroll Processes

The following flowchart show the high level vision of the future time capture and payroll administration processes:

Future Time Capture and Payroll Administration



3.2 Improvement Opportunities

The following are the business improvement opportunities identified in the QBC report and have been validated by the ABT team over the past four months:

- Improve, integrate, and standardize processes by leveraging packaged software best practices. These opportunities focus on consolidation of the human resources/payroll systems and the business processes supporting them, and implementing self-service capabilities and other PeopleSoft functionality that would improve process turnaround,
- Align data-related management and reporting processes with best practices. The intent of these opportunities is to improve the current processes associated with data gathering and entry, data access and updating, reporting, and data storage and archiving,
- Standardize and refine business policies through application of best practices. These opportunities provide process improvement through new policy development and the refinement of current policies,
- Consolidation of current human resources/payroll systems to a single human resources/payroll system,
- Consolidation of pay cycles to a single pay cycle for all county employees,
- Implementation of the latest version of PeopleSoft HRMS,
- Completion of the MSA data research and clean-up activities within the scope of the Payroll Initiatives Project,
- Implementation of additional PeopleSoft HRMS features countywide, e.g., Intra/Internet based self-service capabilities,
- Development of a seamless integration approach with other county applications, e.g., financials and labor distribution,
- Migration of all county employees to the PeopleSoft HRMS system.

The ABT Project team has incorporated these improvement opportunities in our planning for the future time capture and payroll administration processes.

3.3 High Payback Opportunities

The ABT Team as well as the Agency SME's are in agreement that to improve the County's Payroll Operations the County needs to move all employees to a bi-weekly payroll cycle and pay them using PeopleSoft.

3.4 Impacts and Issues

Listed below are impacts and issues identified during the HLBP. The impacts and issues are categorized by Employee, Labor Relations, Agency, Countywide and Outside Agency. These impacts and issues will need to be addressed as the County moves all employees to a common bi-weekly payroll cycle using PeopleSoft.

3.4.1 Employee

- Major change for employees that impacts their finances;
- Employees wait longer to receive paychecks, may have difficulties managing finances;
- Employees receive less pay on each check but get 26 paychecks instead of 24 paychecks - annual salary remains the same;
- Employees receive overtime, shift differential and other exceptions for current pay period on current check;
- Employees will have to adjust to a different payday;

3.4.2 Labor Relations

- Labor Relations will need to bargain the affects of the change to a bi-weekly cycle and potential changes to work weeks for some unions.

3.4.3 Agency

- Collecting and processing all employee time worked in the pay period within the current 13 day lag for the bi-weekly pay cycle;
- Several Agencies currently hold overtime earned by employees until the next payday (not allowed in a bi-weekly cycle);
- Modifying Side Systems to handle bi-weekly payroll cycle;
- Interfacing side systems to PeopleSoft;

3.4.4 Countywide

- County has multiple work weeks that include, Saturday to Friday; Sunday to Saturday; Monday to Sunday; etc that potentially will need to be changed.
- All time worked in the pay period must be paid within the 13 day lag period;
- Financial Reporting
- General Ledger period end closing;
- Potential impact on billings to outside agencies;
- System functionality may not meet business needs for handling FMLA and KCFML;
- Will need to remain aware of new or shifting business requirements during the design and implementation phases of the Program;
- Will need to identify ad hoc reporting tool will we use; need to decide if we continue to support the current custom developed web based reporting process;
- Need to decide if we will use a data warehouse to support reporting.

3.4.5 Outside Agencies

- Timing of employee deduction payments to outside agencies such as Child Support agencies, credit unions, Employee Unions, Union required benefit payments, etc.;
- Department of Retirement Systems reporting and payments;
- Reporting and payments to Labor and Industries, Employment Security, Federal Withholding and Social Security/Medicare.

3.4.6 Benefits of Success

- All employees paid on a common, bi-weekly pay cycle using PeopleSoft.
- Employees will have access to payroll information via the web 24/7.
- Employees will have will receive accurate understandable payroll information that will detail how they where paid.
- Employees will be paid for actual hours worked.
- Labor Relations will have information and tools to help them facilitate contract review and negotiation.
- A limited number of standard work weeks that FLSA overtime calculations will be based.
- County will have a standard time capture system.
- County will be able to reduce the current 13 day lag time (between pay period end and pay day) on the biweekly pay cycle, so that employees are paid sooner.
- Accounting, labor distribution and project coding is capture and edited during the time capture process so that Accounting can close the month end books sooner.
- Payroll information provided to the financial system that is accurate and timely that meets labor distribution, project and grant accounting business needs.
- Payroll information provided to agencies that is accurate, accessible, timely, and meeting their business needs.

3.5 Decisions Made

All employees will be paid on a bi-weekly pay cycle using PeopleSoft HCM.

4 High Level Benefit Administration Business Functions

The Benefits Administration function is responsible for managing retirement, deferred compensation, health and insurance benefits for County employees and employees who leave county employment (COBRA and retiree benefits). Services performed by the Benefits team include: new employee orientation classes, exit classes, deferred compensation seminars and providing information to employees about their benefits and retirement information.

4.1 Current Process Description

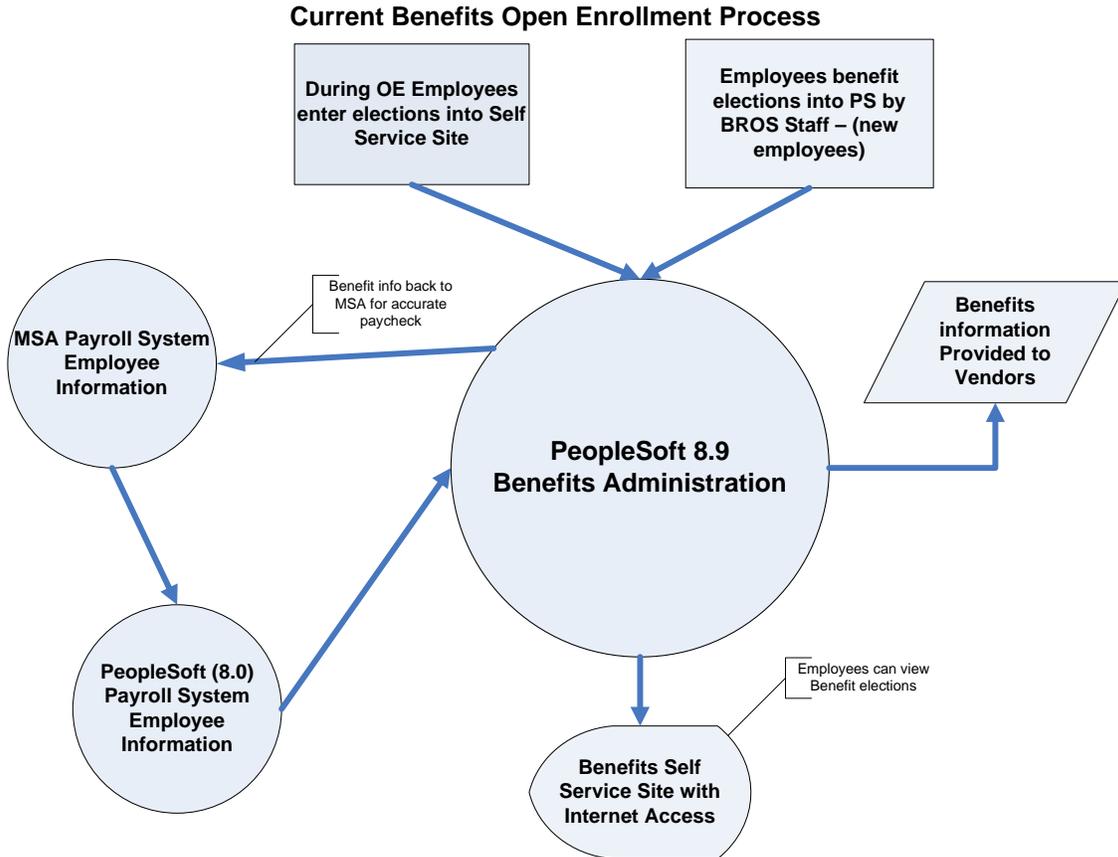
The Benefits Administration environment was just recently updated as a part of the Benefits and Health Information Project (BHIP). Effective with the 2006 open enrollment process, all benefit eligible employees use the county's benefits self-service website to enter their benefit election information into PeopleSoft. Employees also have 24 hours/7 days per week access to their benefit election information via the County employee Benefits website. The County is using PeopleSoft 8.9 to perform Benefit Administration activities for all employees on the MSA payroll system. The following is a summary of the current benefits administration environment:

- The County is using PeopleSoft 8.9 to perform Benefit Administration activities for all employees on the MSA payroll system. Effective with the 2007 open enrollment period, MSA no longer processes Employee Benefit Information,
- The County is using PeopleSoft 8.0 to perform Benefit Administration activities for employees paid bi-weekly,

- Employees enter their benefit elections on-line via the Benefits Self-Service website during the Open Enrollment period,
- Employees have access to their benefit election information on-line via the Benefits Self-Service website,
- Employees can enter life event changes that affect their benefits via the Benefits Self-Service website,
- Once the PeopleSoft Upgrade project is completed later this year (October 2007) all County employees will have their benefits administered by PeopleSoft 8.9.

The current benefits enrollment process is presented in following chart.

4.2 Current Benefits Open Enrollment Process



4.3 Process Inefficiencies

The current Benefits Administration environment has very few known inefficiencies. Currently employees must contact Benefits and Retirement Operation to make life event changes (new child, adoptions, changes to spouse coverage by another employer, etc.) that affect their benefits coverage. Best practice is to allow life event changes to be entered by employees through a benefits self-service website. Inefficiency in the current process is that new employees are required to physically complete paper forms to enroll in the County Benefit Plans. Best practice is to allow new employees to enroll in the benefit plans via benefits self-service website. Please note that life event changes inefficiencies are currently being addressed by the BROS and ABT PeopleSoft Upgrade Team and will be resolved by the end of the year.

5 Best Business Practices

The following is a listing of the best business practices for benefits administration. The listing also show which of these practices is software related and whether PeopleSoft supports the practice. This information was provided to the ABT Project team by our Process Change Consultant CIBER, Inc. Many of these best practices have been adopted and implemented by BROS.

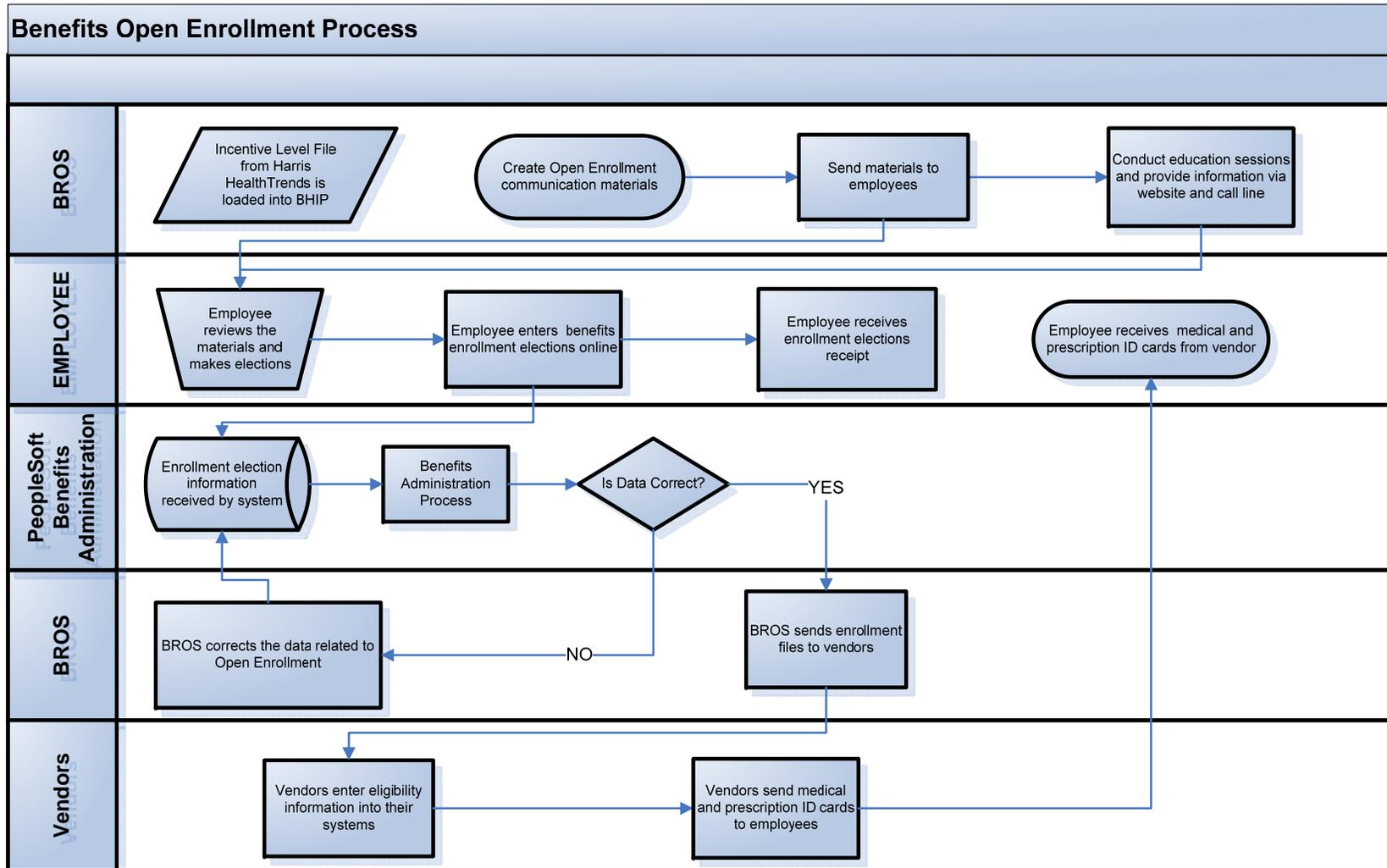
Benefits Administration		
Best Practice Detail	Software Related	PeopleSoft Supports
Benefits planning and design performed separately from employee/labor relations and negotiations.	No	
Simplify benefit plans, eligibility requirements, and contributions (e.g. extend coverage from the first day of employment, and eliminate prorating, working spouse contributions, and grandfathering).	No	
Plan eligibility and service dates are standardized (e.g. total employment, credited service, original hire and seniority).	No	
Benefits information (e.g. Plan descriptions and forms) is available on the web 24 x 7.	Yes	Yes
Benefits communication provided on-line and in multiple languages.	Yes	Yes
HRMS utilized for determining eligibility at time of enrollment.	Yes	Yes
Plan enrollment completed at time of hire using internet-accessible self-service, including tests for eligibility based on plan rules.	Yes	Yes
On-line benefits election modeling instituted for effect of new benefits on net pay.	Yes	No
A passive enrollment process instituted; reenrollment occurs only when making changes or when legally	Yes	Yes

Benefits Administration		
Best Practice Detail	Software Related	PeopleSoft Supports
required, such as for flexible spending accounts.		
Employees make changes to their records using self service, and those changes automatically flow to plan providers.	Yes	Yes
HIPAA and other data privacy regulations are thoroughly addressed; social security, social insurance, or national ID numbers are not utilized as IDs or passwords.	Yes	Yes
Self-service is leveraged to empower the employees and streamline the administration of non-traditional, reimbursement/incentive and reward benefits (e.g. WebMD-like medical content and/or risk assessments, fitness tracking, service award selection, etc.)	Yes	Yes
Self-service available to view comparative, summary level, year to date plan information (e.g. elections or deductible, claims submitted, claims paid) and underlying detail data (e.g. claims) for each health care plan (e.g. medical, dental, and FSAs.)	Yes	Yes – links to 3 rd party Administrator
Direct deposit utilized for all claims payments (e.g. medical, dental, FSA, etc.) relating to current and former employees.	No (this would be claims administration software, not HRMS.)	No
Benefits providers paid through accounts payable via electronic funds transfer (EFT.)	Yes	Yes
Single point-of-contact established for all employee questions.	No	

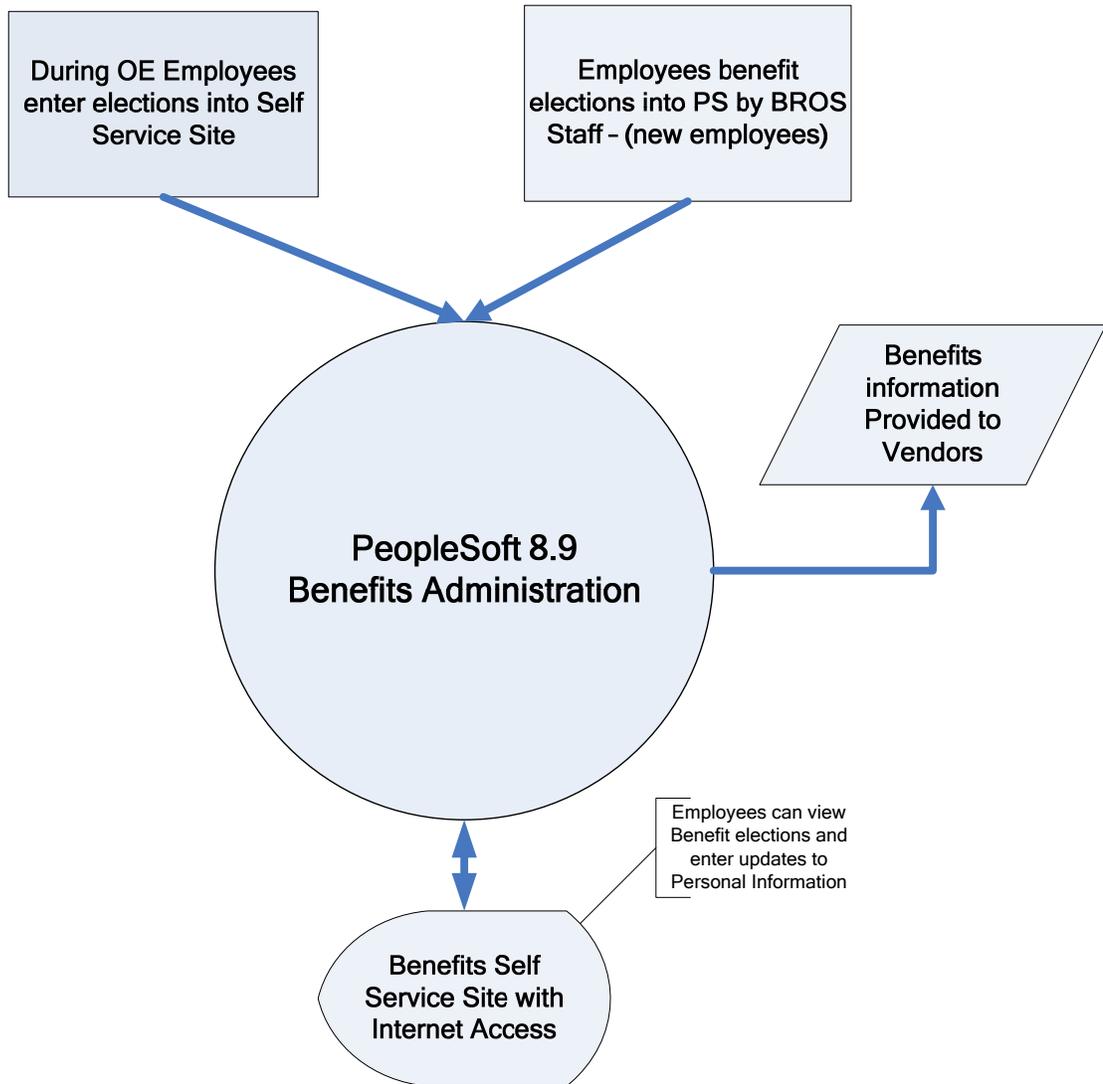
6 Future Process Description

The ABT Program will implement a consistent Benefits Administration business processes supported by business rules within one Human Resources/ Payroll (HR/Payroll) system. The future business process will include the implementation of employee and manager self-service for benefits administration and will provide multiple means of accessing data (website, IVR, service center, etc). The following flowcharts show the high level vision of the future benefits administration process:

6.1 Flowchart of Future Benefits Processes



Future Benefits Open Enrollment Process



6.2 Improvement Opportunities

The following are the business improvement opportunities identified in the QBC report and have been validated by the ABT team over the past four months:

- **Lack of defined transition to Benefits Administration.** After the labor contract is awarded, there is a transition into the Benefits System Administration process. It is not clear where the actual handoff occurs.
- **Limited benefits audits. Implementation of the Benefit Health Information Project (BHIP) in Oct. 2006, has improved the audit of benefit enrollment and changes. However,** employees do not always notify human resources when they experience a change in status such as marital status or dependant eligibility. As a result, the county may continue to pay benefits it is not legally required to pay. There is no penalty to the employee for failure to provide proper notification.
- **Lack of employee access to benefits information.** Employees do not have easy access to benefits information. Employees request benefit changes through paper forms. Not all employees have access to computers so a variety of methods for disseminating benefits information need to be considered.
- **Insufficient timeliness in posting terminations.** Delays in posting terminations in MSA can lead to delays in an employee receiving retirement or worker's compensation benefits, as well as paying for benefits for former employees.

6.3 High Payback Opportunities

- Implement employee self-service for benefits administration. Evaluate the need for manager self-service for benefits administration as a part of the HLBD stage. Provide multiple means of accessing data (website, IVR, service center, etc).
- Make changes that will reduce current delays in posting terminations in MSA.
- Develop an audit procedure for reviewing and verifying employee benefit data on retirement to ensure compliance with county policies.

6.4 Impacts and Risks

- The current benefits administration process follows best practices and will be brought forward by the ABT Program. This does not impact or add risk to the program.

6.5 Decisions

There is consensus that county benefits administration business processes reflect best practices supported by the county's target human resources/payroll environment. The recent implementation of BHIP addresses many of the improvement and high pay back opportunities identified in the QBC Report. The future business process will include a full implementation of employee self-service for benefits administration and will provide multiple means of accessing benefit information (website, IVR, service center, etc). The need for implementing manager self-service for benefits administration will be evaluated as a part of the HLBD stage.