DATE: October 1, 2021

TO: The Honorable Councilmember Paul Koretz
Chair, Personnel, Audits, and Animal Welfare Committee

FROM: Crista Binder,
Chief Deputy Controller

SUBJECT: **Office of the Controller Response to CF# 20-0313 - Supplemental Report relative to the Proposed HRP Contract Amendment**

In your letter dated September 21, 2021, you requested the Human Resource and Payroll Project (HRP) Steering Committee members to report back on various questions concerning the change in HRP implementation to a phased approach, and the benefits of securing a quality assurance consultant to provide further oversight of the HRP project. We have provided responses to each question you designated for our office in this transmittal.

On behalf of the Controller's office, we appreciate the Personnel, Audits, and Animal Welfare (PAAW) Committee's engagement and the efforts to elevate communication regarding this project so that we can ensure this critical project is on a trajectory for a successful implementation. We are prepared to present our comments at the hearing of your Committee scheduled on October 6, 2021. Should you have any questions before then, please do not hesitate to contact Janet Laszlo, Controller HRP Project Manager, or myself.

Chair Question #1

"*Provide an objective and detailed comparative analysis of both the HR and payroll costs/benefits of:*

a. *The "big bang" approach vs the phased approach. This analysis should include detailing any currently unresolved issues or questions for phase 1A of the phased approach.*"

Phased Approach

- Pros
    - Allows for functionality rolled out in earlier phases to be demonstrated and confirmed
    - Breaks up changes required by departments into smaller pieces, making them easier to absorb
    - Allows for small wins by having incremental go-live milestones

- Cons
    - Requires new temporary integrations between Workday and PaySR
    - Introduces a new level of complexity due to the need to keep two systems in-sync
    - The same HRP resources are needed for implementation and support once the system goes live
    - Security roles and access will need to be adjusted for each phase
    - Departments may have to maintain peripheral systems longer
    - Temporary configuration changes will require training the same staff all over again when each phase goes live
    - Lack of clarity of expectations by system business owners for supporting each phase when it goes live

Big Bang Approach

- Pros
    - Single system, no additional integration required
    - Easier to maintain only one system post go-live

- Cons
    - High organizational change
    - Resources are spread across all areas
    - More complex implementation

b. *"The proposal as presented vs having Phase 1A occur in April 2022 and 1B in July 2022, with Phase 2 occurring in December 2022."*

The rollout of each phase should take into consideration what workstreams/modules must be grouped together to provide the best useability of the system. Implementing modules that may be ready to go, but without their co-dependents, will result in more dual system entry and integrations, more audit reports, and re-training causing more errors.

Also, pushing out the phases to later dates will ultimately impact payroll making it infeasible to meet the December 2022 target date.

c. *"The costs and risks associated with a process that requires PaySR/Workday integration to a process that does not require such integration. Include your current confidence level in the successful Workday to PaySR integration within the next 90 days and whether HR/Payroll staff will be doing duplicate work; state whether employee Benefits has confirmed that data brought from Workday and translated to PaySR will assure zero disruptions."*

- Cost – To be determined by the Information Technology Agency (ITA).
- Risks
  - Underestimation of the time and level of effort required to complete the temporary work required to maintain both systems. This includes new integrations, reconfiguration of Workday, and the need to develop additional audit reports to ensure both systems are in-sync and accurate. As a result, we run the risk of either missing deadlines or delivering inferior work.
  - Underestimation of the resources needed for production support after each go-live phase through completion of the project. The same resources will be required to support the production go-live phase, implementation activities for the next phase, as well as supporting PaySR. We run the risk of missing deadlines on implementation activities because resources will have to support production operations of two systems.
  - Not including comprehensive parallel payroll testing before each go-live phase, increases the risk of paycheck errors. Employee HR and Payroll data is fundamentally connected, and therefore, data captured throughout the employee's life cycle directly impacts the employee's paycheck. If payroll testing and comprehensive end-to-end testing is not done for each phase, there is no guarantee that payroll results will be accurate after each go-live.
  - Although a benefit of the phased approach is to allow for resources to focus on each phase at a time, there is significant work remaining to complete Phase 1B and Phase 2 implementation activities. We run the risk of not meeting the planned go-live dates for Phase 1B (April 2022)

and Phase 2 (December 2022) if a detailed, feasible plan for completing these phases is not addressed now.

o Not including key business owners in detailed discussions on Workday to the Financial Management System (FMS) and Workday to PaySR integrations. With or without the phased approach, integrations from these two systems must be understood, well documented and thoroughly tested. At this point, only 2 out of 30 FMS integrations have been tested and accepted. The creation of temporary integrations to PaySR have just started with impacts unknown until later in October.

Chair Question #2

"Provide your input and recommendations on measures needed to mitigate risk associated with users and subject matter experts not dedicating sufficient time to the program to refine requirements, participate in business process redesign, test, and validate the new system, and attend training."

The Controller's HRP team is responsible for the Time Tracking and Payroll functional areas of the HRP project implementation of the Workday Human Resources and Payroll system for the City. The phased approach presented by the HRP Project Management Office (PMO) begins with Human Capital Management (HCM) going live in January 2022, compensation, absence, and time tracking functions going live in April 2022, and payroll going live in December of 2022. Go-live for each phase is reliant on resolution and completion of the following items:

1. Detailed project plan;
2. A comprehensive feasible approach for the concurrent use of Workday and PaySR for Phase 1A and 1B;
3. A clear plan for post go-live support for each phase through Phase 2 go-live
4. A comprehensive testing timeline and tasks that includes payroll testing for each phase;
5. User Confirmation of Time Tracking and Payroll Configuration
6. Definition and documentation of business processes and operational responsibilities;
7. Reports required by Central Payroll and Departments for each phase
8. Process for historical data reporting and actions that require retroactive pay calculations on historical PaySR data; and
9. Citywide-user readiness and acceptance.

Chair Question #3

"Provide your analysis regarding whether an independent QA Consultant would or would not increase the likelihood of successful implementation as it relates to your specific areas of responsibility."

We strongly recommend that the project acquire the expertise of a Quality Assurance (QA) consultant. An independent QA consultant would provide performance improvement guidance to the project and continuous feedback to help project leaders meet objectives. The QA consultant would focus on overall strategy and risk mitigation, the proactive review of the project governance and management, and overall performance. The QA consultant would also help determine whether the processes needed to deliver the project successfully are in place, and properly executed.   An independent QA Consultant would increase the likelihood of a successful implementation and could provide regular updates on progress and challenges to the project leadership and the City Council.

Combined Responses
Provide recommendations on the effectiveness of the current HRP governance structure and whether any course adjustments are merited. If so, specify recommended changes.

The current government structure for HRP is appropriate. However, the following adjustments to project communication should be considered:

1. HRP Steering Committee meeting materials should be provided to the committee more than the current day before or day of practice.
2. HRP Steering Committee members should be required to provide content to the presentation materials rather than the information crafted by ITA and Workday.
3. HRP Steering Committee members should not rely on ITA to only craft communication but actively participate in meetings and be responsible for follow-up actions, if assigned.
4. Workstream leads should be empowered to communicate across and up the project hierarchy to enrich collaboration, elevate risks quicker and ensure transparency of project decision making.
5. Regular updates should be provided by the QA consultant, should Council choose to hire one, and/or the HRP Steering Committee to the City Council relative to the progress of meeting its established implementation milestones, and unforeseen challenges which may have arisen, for accountability and transparency.