



COUNTY OF HUMBOLDT

For the meeting of: 11/6/2018

File #: 18-1438

To: Board of Supervisors

From: Human Resources

SUBJECT:

Transition of Payroll Functions from the Auditor-Controller Department to the Human Resources Department and Budget Adjustments (4/5 Vote Required)

RECOMMENDATION(S):

That the Board of Supervisors transfer the human resources functions of the Payroll Division to the Human Resources Department; transfer the positions of 1.0 full-time equivalent (FTE) Assistant County Payroll Services Manager (class 0104, salary range 441), 1.0 FTE County Payroll Services Manager (class 0107, salary range 471), and 2.0 FTE Auditor-Controller Payroll Specialist I/II (class 0223, salary range 369/384) from budget unit 111 Auditor Controller to budget unit 130 Human Resources effective immediately; deallocate the position of 0.5 FTE Auditor-Controller Payroll Specialist I/II (class 0223, salary range 369/384) in budget unit 300 Auditor Measure Z; authorize the Human Resources Department to work with the Auditor-Controller's Office to immediately begin the layoff process for the 0.5 FTE Auditor-Controller Payroll Specialist I/II; allocate 1.0 FTE Senior Fiscal Assistant (class 0123, salary range 369) to budget unit 111 Auditor-Controller; approve a supplemental budget in the amount of \$39,636 as shown in Attachment 2 for fiscal year 2018-19 (4/5 vote required); direct the Auditor-Controller to transfer \$39,636 in fiscal year 2018-19 from the Tax Loss Reserve Fund (1310) to the General Fund, and approve an on-going transfer for the expense associated to the allocated Senior Fiscal Assistant position on an annual basis; and approve the budget adjustment as shown in Attachment 1 moving funding of \$243,396 from budget unit 111 Auditor-Controller to 130 Personnel for the transferred positions.

SOURCE OF FUNDING:

General Fund

DISCUSSION:

On September 11, 2018, your Board received a report from Cooperative Personnel Services HR Consulting (CPS HR) regarding the Auditor-Controller Management and Accounting Review; specifically the recommendation to transition Human Resources responsibilities contained in the Payroll Division of the Auditor's Office to the Human Resources Department.

Per your Board's direction, a Transition Team ("Team") consisting of the Human Resources Department, Auditor-Controller Department (including the Payroll Manager) and County Administrative Office have evaluated the following in consideration of the transition:

1. Functions and responsibilities of the Payroll Department staff
2. Current staffing matrix versus transitional staffing needs
3. Logistics and employee location options
4. Current technology utilization versus capabilities

Functions and Responsibilities of the Payroll Department staff

The Transition Team completed a review of the functions of payroll staff that included both Human Resources and Auditor-Controller functions. Through the analysis, the Team concluded that functions to remain in the Auditor-Controller Department are few and occur weekly, bi-weekly, quarterly or yearly. The functions occurring bi-weekly take 2-3 days each payroll week and include running payroll, settlement batches, distribute deductions, electronic fund transfers, printing, sorting and distributing checks. Taxation, payment issuance and fiscal reporting functions occur monthly, quarterly or yearly. These functions will remain with the Auditor-Controller's Office. All other functions will transition under the authority of the Human Resources Department (see attachment for a list of payroll functions by responsible department).

Current Staffing Matrix Versus Transitional Staffing Needs

There are currently five (5) regular status employees (4.5 FTEs) and one extra-help employee assigned to the payroll function. Positions include: County Payroll Services Manager (1.0 FTE), Assistant County Payroll Services Manager (1.0 FTE), Auditor-Controller Payroll Specialist I (1.5 FTE), Auditor-Controller Payroll Specialist II (1.0 FTE), Office Assistant I (extra help).

Based on the review of functions and responsibilities, it has been determined that 4.0 FTEs will transition to the Human Resources Department including the positions: County Payroll Services Manager (1.0 FTE), Assistant County Payroll Services Manager (1.0 FTE), Auditor-Controller Payroll Specialist I (1.0 FTE) and Auditor-Controller Payroll Specialist II (1.0 FTE).

However, the remaining 0.5 FTE is funded through Measure Z. The responsibilities that will remain in the Auditor-Controller's Office include a reporting and payroll audit function. These responsibilities are not consistent with the intent of Measure Z and therefore staff recommends de-allocating the 0.5 FTE Auditor-Controller Payroll Specialist I/II, returning funding for this position to the Citizens' Advisory Committee for allocation and allocating a 1.0 FTE Senior Fiscal Assistant to perform the necessary reporting and audit functions of payroll.

Logistics and Employee Location Options

Payroll staff currently occupy space in the Auditor-Controller Department, specifically Room 130. The Team has determined that it is essential for the success of the transition for the human resources responsibilities of the payroll function to relocate to the Human Resources Operations office located in Room 100. Relocation of payroll staff to Human Resources requires a reconfiguration of the office including the purchase of cubicles and additional technology and telecommunications portals. The cost associated with the technology and telecommunications portals totals \$1,485.69 for which there is no anticipated completion date. We have requested a quote related to the electrical and furniture needs and are requesting funding for that expense as well (amount to be determined).

Current Technology Utilization Versus Capabilities

Our current Payroll/Human Resources Information Systems platform is OneSolution. When implemented, configuration decisions were made in such a way as we are now not able to fully utilize the system and many of our workflows are manual and time consuming. The Team has determined that our current resources are not sufficient or knowledgeable enough about the structure of the system to complete the work needed to reconfigure the system. The Team is requesting funding for expert, consultative services. Services will enable the department to configure the system for Best Practice usage, eliminate time-consuming manual processes and document Standard Operating Procedures. The cost savings from this investment cannot yet be determined by the Team and will be based on the reduction in redundant functions, elimination of manual processes, and documented procedures providing for more transparency in functions. An additional benefit involves establishing compliance reviews that are not conducted currently.

FINANCIAL IMPACT:

The costs related to transfer human resource functions of the Payroll Division to the Human Resources Department, which is a transfer of existing positions, is already included in the fiscal year 2018-19 budget. There will be an additional one-time cost for cubicles and network cabling estimated at \$25,000. These costs will be addressed through the First Quarter budget report.

There is an increased cost by de-allocating the 0.5 FTE Auditor-Controller Payroll Specialist I/II (funded by Measure Z) and allocating a 1.0 FTE Auditor-Controller Payroll Specialist I/II to the General Fund. The additional annual cost is approximately \$60,098 for salary and benefits. Anticipated costs for FY 2018-19 are \$39,636. Accordingly, attached is a supplemental budget. Funding for this additional expense is available through the Tax Loss Reserve Fund, which has a current balance of \$3,495,656. This expense is recommended due to the September 11, 2018, report your Board received from Cooperative Personnel Services on the Auditor-Controller Management and Accounting Review. This report discussed the need to provide temporary staffing to stabilize work in the Auditor-Controller's Office.

This series of recommendations supports your Board's Strategic Framework, Priorities for New Initiatives by providing community appropriate levels of service and fostering transparent, accessible, welcoming and user friendly services.

OTHER AGENCY INVOLVEMENT:

Auditor-Controller Department
County Administrative Office

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Your Board could choose not to implement the transition plan or fund the costs associate with the plan, however, this is not recommended as the plan complies with the recommendations of the CPS HR Consulting report that provided no other options.

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ATTACHMENTS:

Budget Adjustment

Supplemental Budget

Payroll Functions List (by responsible department)

PREVIOUS ACTION/REFERRAL:

Board Order No.: C-11, I-1, I-1

Meeting of: 2/6/18, 6/19/18, 9/11/18