RON GALPERIN
CONTROLLER

April 21, 2016

Honorable Councilmember Paul Krekorian
Chair, Budget and Finance Committee
% Richard Williams, Office of the City Clerk
200 N. Spring Street, Room 395
Los Angeles, CA 90012

RE: Controller's Office – Mayor's Proposed Budget FY 2016-2017

Dear Honorable Members of the Budget and Finance Committee:

I have reviewed and analyzed the proposed budget for the Controller's Office for Fiscal Year 2016-2017. Unfortunately, this budget, as proposed, recommends a variety of cuts to our Office, which will adversely impact our ability to adequately perform our Charter-mandated duties and responsibilities.

Our budget proposal to the Mayor in September was fiscally conservative. It addressed the most basic and urgent operational needs of this office. Not only were my requests not funded, several cuts have been proposed. For example, my salaries account was cut by more than $456,175. The budget for Auditing Contractual Services was cut by $200,000 (40%).

I respectfully request that your Committee consider the following adjustments as you begin your deliberations:

1) Salary Account Reductions Restoration - $456,175

Any reduction to our salary account will result in the Controller's Office not being able to hire qualified employees to carry out critical functions such as paying the City's bills (Accounts Payable), performing audits and managing the payroll. My office is working to aggressively fill all critical vacant positions this fiscal year. We have been working with the Personnel Department to hire from usable lists and utilizing in-lieu and substitute authorities where appropriate to get staff on board. However, we do not anticipate being able to accommodate the one-time reduction or the increase in our salary savings rate.

2) PaySr Risk Mitigation Funding - $346,680

The City's current payroll system (PaySR) is at risk of failure due to over-dependence on the sole contractor, multiple modifications, new laws and regulations, increasingly complex MOU and salary structures, and the growing needs of various departments. Further, the system needs enhanced management of critical must-have items, more training for relevant employees and better documentation to mitigate the short term risk of a breakdown. Our outside consultant, KPMG, has cautioned that the long term viability of PaySr does not extend more than 3 to 5 years, and that the current system baselining efforts are not meeting targets. My risk mitigation plan, which includes requests for a Senior Management Analyst II and a Fiscal Systems Specialist II, will enable us to maintain PaySR while we work with ITA and Personnel on the multiyear process for its eventual replacement. As you can imagine, the failure of PaySR would be horrendous and costly for the City.

3) Audit Contractual Services Reduction Restoration - $200,000

The base budget for Auditing Contractual Services has remained stagnant at $500,000 since 1999, when it was *reduced* from $750,000. Meanwhile, the cost of hourly and contract auditing rates has nearly doubled. The proposed reduction would dramatically reduce our budget to $300,000. This reduction, coupled with past reductions of more than 60% in audit staff resources, significantly erodes my ability to conduct quality audits and monitor the use of taxpayer funds on behalf of the people of this City. This is crucial— this fiscal year alone, my audits have identified millions in cost avoidance and savings.

4) Fraud Waste & Abuse (FWA) Funding - $112,002

The FWA Unit is severely understaffed. There is currently one staff person responsible for examining and investigating (where appropriate) every single complaint and allegation received through the Controller's hotline and from other departments, and to sponsor and facilitate citywide Fraud Awareness Training. Last year there were 267 complaints that required follow-up. With just one staff person, it has been nearly impossible to investigate all complaints in a timely fashion. Some require prompt attention in order to halt the theft of City funds or property. Some are complex and involve coordination with law enforcement agencies. In two cases involving the misuse of City resources (one by a City contractor and another by a City employee), FWA assisted the District Attorney in the prosecution of those involved.

Simply put, we need another staff-member. We have successfully mined the City's payroll system and have continued to identify insufficient departmental controls over overtime, bonuses and raises, finding patterns of abuses and potential abuses. We would like to look for similar patterns in the City's Financial Management System by examining contracting and procurement practices to check for fictitious vendors, related-party vendors, transactions split to avoid contracting limitations, and the like. An additional special investigator will allow the Unit to expand its use of data mining and analytics to proactively identify potential areas of fraud, waste or abuse City-wide, and thereby reduce unnecessary expenditures.

5) Revenue Enhancement

While the City continues to seek opportunities to reduce expenditures, we must think creatively and look at opportunities to increase revenues as well, such as those my office has submitted to the Council for consideration. For example:

- Construction Contract Review Program for Major Contracts: We propose adopting a supplement equal to 0.05% of major construction contract values to fund timely and comprehensive audits of one of the city's largest expenditures.
  Estimated Revenues: $1,000,000

- Vendor Electronic Funds Transfer Requirements: Currently 96% of payments to vendors are made via paper checks. We propose requiring City contractors to accept payments by electronic funds transfer, which will save processing and mailing costs.
  Estimated Savings: $226,762

- Funding Audits through Department Enterprise Accounts: The City Charter requires the Controller to conduct audits of all departments and offices of the City, including proprietary departments. This funding proposal will reduce the reliance on General Fund monies to pay for these audits; the money could then be repurposed for other City initiatives.
  Estimated Savings: $2.3 million

In addition to the aforementioned, I am requesting that $500,000 in current year surplus funds be reappropriated to the Controller's 2016-17 budget. The funds will be used to continue the successful Accounting Assistance Program, which has helped the Controller's Office, General Services, Public Works, and the City Attorney's office by providing experienced retirees and new, enthusiastic student interns to bridge staffing shortfalls. The funds will also be used for specialized studies and audits, such as the PaySR replacement assessment and a comprehensive audit pertaining to the City's special funds.

I look forward to continued collaboration with the Budget and Finance Committee as well as the Council during this budget process and beyond. If you have any questions, please contact my Interim Chief Deputy Controller, Monique Earl, at (213) 978-7200.

Thank you for your consideration,

RON GALPERIN
City Controller

KPMG

City of Los Angeles – Controller's Office

Consulting Services for PaySR System and Payroll Processes' Rapid Assessment and Future State Recommendations

Draft Version

Validation of PaySR Current State Assessment and Risk Assessment

kpmg.com

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*** New, Revision, Update, or Canceled.**

Note: The status for document history would be determined based on the following details:

- New would be a new document submission
- Revision would be a minor update to existing document details
- Update would be for a significant changes made to the document

Deliverable Approval

Name, Organization, Title	Signature	Date
Vijay Singhal, Principal Deputy Controller		
Linh Vo, Systems Division Controller, Office of the Controller		

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1. Executive Summary

1. Overview and Introduction

Background

Payroll and payroll-related expenditures account for a significant amount of the City's total General Fund expenditures. City departments and administrators rely on PaySR, the City's payroll system, to calculate and account for the distribution of billions of dollars in payroll and related employee benefits annually.

PaySR stands for "Payroll System Replacement", because the City initiated the PaySR project to replace and enhance the functions of its previous mainframe legacy payroll system. PaySR provides automated payroll solutions to more than 40,000 City employees. Since the implementation of PaySR (circa 2003), there have been many system updates and enhancements to meet the City's payroll needs. Negotiated labor agreements, along with changes in Citywide and departmental payroll policies, have increased the complexity of transactions that must be processed within PaySR. Over the past years, PaySR has evolved into a complex and highly customized distributed system comprised of several data modules, control tables, and process routines such as payroll calculators, information validators, and data analyzers.

Given the complexity of the system and its criticality to the City, the Controller's office engaged KPMG to conduct a PaySR system assessment to help determine the system's sustainability as the future state payroll solution for the City of Los Angeles.

Prior to the engagement of KPMG, the Controller's office conducted a high level current state assessment of PaySR. KPMG leveraged the materials from that assessment as a starting point and validated those outcomes. This deliverable describes the results of KPMG's assessment.

2. Key Definitions and Assumptions used in the document:

The following provides common definitions of some key terms and assumptions used throughout this deliverable:

- PaySR was reviewed to assess Reliability and Sustainability. For the purposes of this analysis, the following definitions were used:
    - **Reliability** –The extent to which the system is able to support the end to end process without the need for additional / significant work-arounds, and changes to the system do not erroneously impact other processes or functionality. This is assessed to determine both actual and perceived reliability.
    - **Sustainability** – The availability of resources and capability of the PaySR system to support the payroll function on an ongoing basis. The extent to which the system is of commercial grade with regular planned releases, documentation and configurability options.
    - **Accountability** – End to end ownership and responsibility for system functionality, design and operations and associated changes with the authority to make decisions on system design and changes.
- PaySR's Reliability and Sustainability was assessed considering a **short-term (under 5 years)** and **long-term (over 5 years)** time horizon. These were chosen as the reasonable time parameters based on:
    - The typical MOU negotiation cycles
    - Known retirement eligibility of a significant number of staff members
    - Complexity and time required for system replacement
- The PaySR assessment for sustainability and reliability was carried out for following key risk areas:
    - **People Risk Area** included determining whether the City has both the necessary knowledge, skills and resources to effectively maintain and continually enhance the system while meeting both the Payroll, Personnel and CAO requirements.
    - **Process Risk Area** which included determining whether the existing payroll processes are supported efficiently by the PaySR system, and processes and controls exist to ensure supporting processes (e.g. change management and system maintenance) are adequately designed and implemented to enable accurate payroll processing.

- **Technology Risk Area** which focused on determining whether the technical architecture of PaySR leveraged current technology with sufficient security and control capabilities and that it was designed with the flexibility to meet the complex requirements of the City.

- The PaySR review represents a summary of the issues observed related to the current state of the technology and the processes used in its support. It is not intended to provide details on process steps or to identify business or functional requirements.

3. Approach

KPMG conducted the PaySR assessment leveraging the Controller's office current state PaySR Self-Assessment as a starting point, and conducted the following independent activities.

Sr. No.	Objective	Activities	Reference
1	Understand City's Self-Assessment	Review of PaySR related documentation provided by the City personnel including but not limited to previous audits of the PaySR system and payroll process, examples of MOU agreements, contracts and amendments with the PaySR technical support contractor, system schematics and other documentation	Refer to Section 2 and Appendix A for summary and details of documents reviewed, and KPMG's observation/ conclusion on the same
2	Understand existing challenges and risks associated with PaySR sustainability and reliability	Data Gathering Meetings with City personnel including but not limited to PaySR teams, ITA, Contractors and personnel from City departments - 40 interview sessions with 79 participants Received and analyzed a sample of system change requests to both look for trends and to	Refer to Appendix B for a complete list of personnel interviewed, and the questionnaire used for the meetings Refer to Section 3 and Appendix C for details on

Sr. No.	Objective	Activities	Reference
		support observations obtained during interviews.	KPMG's review of system change requests and watch list items
3	PaySR Risk Assessment	Comparison of City's Payroll and supporting processes to industry leading practices. Comparison was performed in areas of time and attendance, payroll process (es), reporting, employee data management and technology. Identification of risks to PaySR sustainability and reliability in terms of 3 risk areas: People, Process, and Technology Identification of risk mitigation strategies in short-term Conclusion on Risk Assessment	Refer to Section 4 and Appendix D for details on comparison to industry leading practices. Refer to Section 5 "Detailed Risk Assessment" for details on identified risks and respective short term mitigation strategies Refer to Section 6 "Conclusion and Short Term Mitigation Strategy" for details on identified risks and respective short term mitigation strategies, and Section 6 for consolidated Short term mitigation strategies

Sr. No.	Objective	Activities	Reference
		Identification of Future State Considerations	Refer to Section 7 "Future State Considerations" for key considerations that may impact City's future state roadmap.

4. Conclusion of KPMG's PaySR Assessment and Summary of Risk Assessment Findings

Based on a KPMG's validation of the City's Assessment of PaySR, and KPMG's independent assessment activities, we believe that while the PaySR system currently supports the processing of payroll, it is not the long term future state payroll solution for the City of Los Angeles. This conclusion is supported by challenges identified in three risk areas, including People, Process, and Technology. The report provides additional details of the observations / risks identified and additional insights into options for the City of Los Angeles.

People Risk Area – Despite attempts to learn how to support the system, the City does not have the internal resources and knowledge to effectively support PaySR in the longer term. This has led to an over-reliance on the Contractor for support and a lack of internal accountability. Below are key themes that support the risk assessment findings in people risk area:

- There does not appear to be a defined entity charged with the necessary authority and accountability to govern Payroll as a service and the supporting solution. For example, PaySR steering committee does not meet regularly to discuss priorities, vision of the solution, and drive to a decision agreeable to all.
- City resources have not been trained to provide the necessary support across all help desk levels. For example, in a typical system environment, level 1 support handles 80-90% of help desk tickets, however, an analysis of PaySR (help desk) tickets, indicated only approximately 50% of the support requests are handled by level 1 and there is a relatively large number of unclosed PaySR (Helpdesk) tickets pending level 2 support, which indicates a shortage of resources and/ or skillset.
- There is an over-reliance on the Contractor for support, and vendor management does not appear to be formally conducted for Hess and Associates. The contractor agreement has been amended multiple times and there is lack of clarity on the role of vendor, agreed-upon vendor deliverables and deliverable acceptance procedures. For example, in many instances City

employees contact the vendor directly, regarding level of effort and system issues, rather than contacting City's internal PaySR support group,

Process Risk Area – Existing processes, both front-end payroll and supporting PaySR system maintenance processes, lack the automation, documentation and controls necessary to ensure data integrity which has led to a high volume of open needs, one off changes and system and data errors.

- Several front-end and back-end payroll processes are not aligned with industry leading practices. Key elements of industry leading practices, specifically those related to employee self-service and position control are either not available or have limited functionality in PaySR system.
- System functionality limitations, have resulted in manual work-arounds and/or ancillary systems to support work flow. For example, in the interface between PaySR and FMS, automated reconciliation leveraging header records (Document IDs), were not built which has led to the need for a manual reconciliation process.
- Change management processes are not consistently followed in the maintenance of PaySR, for example, testing is not performed comprehensively for all the changes leading to new errors being introduced in production environment.
- There are limited controls around accuracy of data (e.g. Bonus application to employees, filters for correct coding, expiration dates for temporary actions). Audit reports from both the internal audit department and MGO have identified issues with controls and processing of data.

Technology – The PaySR system design is not aligned with industry leading practices for large and sophisticated business functions like payroll. This has led to PaySR not being able to logically and efficiently support the City's on-going payroll requirements, particularly as it relates to the ongoing need for changes related to MOU negotiations.

- The system has been in continual development mode since its inception and it has never achieved steady state. For example: there is a high volume of open needs and support requests for a system which is 15 years old. Each pay cycle, approximately 20-25 changes are introduced in PaySR and approximately 60-125 helpdesk tickets are opened every month for PaySR. This is not common for a production payroll system.
- The initial design was based on the legacy mainframe system and was not architected to support modern payroll processing required by the dynamic City environment. The client-server architecture, lack of overall data architecture, and overall system vision specifically, makes the change management and system maintenance functions difficult.
- PaySR is not architected leveraging industry leading technology designs. For example, PaySR does not support automated workflows, and functionality related to mobile access and employee self-service is limited.

- The PaySR databases are not clustered which has resulted in requirement to maintain redundant instances. Lack of clustering and appropriate design has led to system availability and stability vulnerabilities. This has also led higher storage costs to ensure data is maintained in case of any issues.
- Current choice of technology (large custom solution hosted on premise) requires the City to perform constant technology upgrades which are expensive, time-consuming, disruptive and lead to inefficient system maintenance.
- PaySR system architecture (client-server and heavily database based) is complex and lead to challenges related to scalability, stability and system maintenance. Change management becomes an expansive task in such environments as most changes need to be made at the database layer and further client level changes need to be pushed out to each client rather than one time update.

Based on the above, we believe the PaySR system is not a sustainable, reliable payroll solution for the long term and it will need to be replaced leveraging a risk based approach. The risk based approach could include a phased strategy to PaySR replacement, replacing low risk areas in the initial phases and more complex areas towards the later phases. KPMG's 2nd deliverable "Future State Roadmap" will provide a detailed approach to long term plan for Payroll solution replacement.

In the short-term to sustain PaySR, the Controller's office will need to work with ITA and other stakeholders to implement certain risk mitigation strategies, as outlined in this report. These strategies will help reduce some of the risks, while the longer term system replacement begins to move forward. The City should note that some risk areas cannot be mitigated in short term and implementation of these strategies do not indicate that PaySR can be sustained in long term. Short-term mitigation strategies can assist the City in ensuring that the PaySR system is stable and available to support payroll function while the City prepares for replacement of Payroll solution.

5. Short Term Mitigation Strategies

The following provides an overview of certain activities that should be addressed in the short-term to mitigate the risks identified above to allow the City to support PaySR. The implementation of these tasks will require shared responsibility among City departments such as controller's office, ITA, CAO and Personnel. The City will also need to invest time and resources to implement these mitigation strategies. For some risk areas there are no short term mitigation strategies that can be implemented without overhauling the system. For such risks, the City will need to consider accepting the risks in short-term.

- Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. There needs to be a clear owner and

manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in alignment with the City's goals/objectives.

- Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols.
- Develop and provide system development lifecycle training to relevant City employees.
- Develop Functional documentation to increase knowledge of the payroll business rules for those accountable for accuracy. For example, develop a database of specifications within the MOUs.
- Develop End user Documentation within the individual departments and implement the prior training program.
- Develop System / Technical documentation to increase the ability for people other than BHA to support the solution. Documentation needed includes:
    - Architecture diagrams
    - Data model/data maps
    - Table Architecture (e.g., what tables hold Form41 data)

2. Documentation Review

As part of the validation of Controller's office current state PaySR self-assessment, the KPMG team reviewed a number of documents provided by the City Controller. These documents provided context for the KPMG team.

Overall KPMG's assessment is that the current state assessment carried out by the City Controller is an accurate representation of the current situation, the risks, and the options for the future.

- Reliance on a third party firm and specifically a single individual;
- Support team is undersized and does not have the right experience and skills;
- Documentation is either out of date (e.g. Payroll Division organization structure) or non-existent;
- The agreement with Hess & Associates lacks detail for the "baselining" activities (Activities agreed to be performed to make PaySR more configurable) and the project appears to be behind schedule;
- Root cause analysis of control issues should be carried out to ensure learnings for the future state;
- Numerous manual workarounds exist for which prioritization of resolution should be given;
- The budget requests submitted by the controller's office are comprehensive however may be inadequate in terms of additional resources.

The short term mitigation strategies identified by KPMG (Refer to Section 5 for details) considers the observations / risks noted during review of City's provided documentation. The table below provides summary of the documents provided by the City. Refer to Appendix A for Detailed review results on these documents.

Sr. No.	Document	Description
1	**City of Los Angeles Controller – current state assessment**	Document developed by the Controller's office providing an internal assessment of the current state including risks and challenges, impact assessment(s), and recommendations for action.

Sr. No.	Document	Description
2	**Report from Office of the City Administrative Officer – Analysis of Proposed Contract (C-105458)**	Document prepared by ITA under direction of the City Administrative Officer providing an analysis of the proposed contract with Hess & Associates, Inc. (Amendment 17).
3	**3rd Restated Professional Services Agreement Number C-105458 [Seventeenth Amendment Between The City of Los Angeles and Hess & Associates, Inc.]**	Agreement between the City of Los Angeles and Hess & Associates defining the services and scope of services to be provided by Hess & Associates.
4	**Office of the Controller, PaySR Budget FY 16-17 List of Outstanding Needs**	Supporting document for the FY 16-17 budget process documenting the outstanding and critical needs for PaySR. Needs are categorized as: 1. Audit/Control/Transparency of Data 2. MOU Compliance 3. Timekeeping Systems 4. Applications and Systems Interfaces 5. Programming and Quality Assurance/Testing Support 6. Security 7. Training and Documentation A total of 43 line items are shown under the categorizations.

Sr. No.	Document	Description
5	**2016-17 Budget Program Request**	Budget Request from Office of the Controller incremental staff and job level upgrades to address risks and accumulated deficiencies and allow the City to establish the strong team required to assist the City with effectively meeting its payroll processing needs and to successfully transition towards replacement of the aging and proprietary PaySR in the future.
6	**2016-17 Multi-Departmental Budget Request**	Budget Request from ITA, Controller's Office, and Personnel Department for Phase 1 (Analysis) of the City's replacement of PaySR and the move to a new HRMS.
7	**City of Los Angeles Controller, Payroll Division Organization – Update July 29, 2014**	Document providing documentation for the Payroll Division's mission, vision, approach, services, roles and responsibilities, org chart, staff duties, and performance expectations. Last updated July 2014

3. PaySR (SOS Helpdesk) Ticket Data Analysis

On March 10, 2016, KPMG received and analyzed a listing of SOS tickets from July 1, 2015 to February 20, 2015 related to PaySR provided by the City Controller. SOS tickets are used as a form of communication and helpdesk tool for any support related issues related to PaySR system. In case of errors, issues or change requests, a PaySR user can call Payroll Operations team or log a ticket in SOS system. In order to establish nature of issues faced in PaySR environment and level of support available to the users, KPMG performed following analysis on the population of SOS tickets:

- Number of days required to close the SOS tickets
- Tickets closed by support level
- Nature of Issues in PaySR application

Please refer to Appendix C "SOS Ticket Data Analysis" for details of analysis performed. Based on analysis performed, KPMG made following key observations:

- Approximately 60 to 125 SOS tickets are opened for PaySR per month. The tickets range from processing errors to change requests.
- Approximately 74% of SOS tickets are closed during a given month leaving 26% of the tickets open. Of the open tickets, more than half have been unresolved for more than 90.
- Approximately 50% of the SOS tickets are resolved by Level 2 and Level 3 support, which includes involvement by the contractor and may not be resolved independently by the City employees.
- More than half of the open tickets are assigned to Level 2 support.

The analysis above highlights relatively high volume of support requests (60-125 per month) for a system which is 15 years old indicating instability in the system, lack of user training and documentation, and potentially functional deficiencies. In addition, large volume of open tickets assigned to level 2 indicate lack of resources or relevant skillset required to resolve the SOS tickets. Lastly, large volume of tickets being closed by Level 2 and Level 3 highlight tickets require changes in the PaySR database and programming and cannot be managed through front end configurations, indicating challenges in maintaining the system under current architecture and design (i.e. database heavy design).

4. Comparison to Industry Leading Practice Findings

KPMG performed a comparison of Payroll and supporting processes followed / implemented at the City with the industry leading practices. This comparison also considered the contextual information (e.g. number of MoUs at the City, number of employees paid through PaySR system, etc.). The comparison was performed to provide the City with a perspective on maturity of the current processes, technology and practices as they relate to PaySR, and further challenges and risks arising from low alignment to industry leading practices. The comparison was performed for key payroll processes and supporting processes including technology.

A rating of Low, Medium, High or N/A was used to determine how each industry leading practice/ future state requirement maps to the current City of Los Angeles payroll process and/or technology. It is important to note that this is not an exhaustive list of available leading practices.

In some cases the information about the leading practice was outside the scope of this project. In those cases, the practice is provided for consideration by the City but no commentary or estimate of Match is shown.

The table below provides a description of each Match Rating.

Match Rating to Industry Leading Practices			
Low	**Medium**	**High**	**Not Applicable (N/A)**
PaySR system/ process is a low (minor) level of match to the industry leading practice/ future state requirements	PaySR system/ process is a moderate level of match to the industry leading practice/ future state requirements	PaySR system/ process is a high level of match to the industry leading practice/ future state requirements	Not Applicable – this leading practice may not be applicable for current project/ process

Based on comparison performed, we noted that the City's processes have medium to low alignment to industry leading practices. The alignment is especially low in the area of technology architecture and design. Please refer to Appendix D "Detailed Industry Leading Practices Comparison" for details.

5. Risk Assessment Findings

The risk summary is intended to provide an assessment of risks related to the current practices and technology involved in the use and maintenance of PaySR. The risks, identified in the matrix, were categorized based on parameters noted below.

Risk Parameters

The paragraph below provides a list of areas/ themes used for categorizing the identified risks. The categories represent the area of impact for the respective risk.

- **People Risk Area (PE)** included determining whether the City has both the necessary knowledge, skills and resources to effectively maintain and continually enhance the system while meeting both the Payroll, Personnel and CAO requirements.
- **Process Risk Area (PR)** which included determining whether the existing payroll processes are supported efficiently by the PaySR system, and processes and controls exist to ensure supporting processes (e.g. change management and system maintenance) are adequately designed and implemented to enable accurate payroll processing.
- **Technology Risk Area (TE)** which focused on determining whether the technical architecture of PaySR leveraged current technology with sufficient security and control capabilities and that it was designed with the flexibility to meet the complex requirements of the City.

The table below provides definition of risk ratings used for the risk assessment of each identified risk:

Risk / Opportunity Rating		
Low	**Medium**	**High**
Minor – low impact on sustainability and reliability and/or simple implementation / mitigation options.	Moderate – impact to sustainability and reliability is more invasive or wide spread and effort to implement or mitigate is greater (in terms of hours, management involvement, functions involved, or resistance). Impact is to multiple functional areas and/or multiple process steps or is highly cross functional.	High – impact to PaySR's sustainability and reliability is significant and implementation or mitigation programs will require significant management attention and corrective actions. High risk of impacting project timeline or project outcome.

The table below provides details for each identified risk along with mitigating strategy for short term assuming that PaySR remains the payroll technology for the next 3-5 years.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
01 PE	Key staff members may not be available to manage critical issues during payroll processing timelines leading to delays in payroll processing. Payroll staff schedules result in some staff members being unavailable during payroll processing timelines. (e.g., staff members may be off on Friday of a pay week).	People	Medium	Although the Payroll staff has developed approaches to address scheduling, this inevitably results in times when key staff members are not available for some issues and / or situations where staff members must do the work of others.	Ensure schedules are staggered to optimize availability. Consider pairing the more desirable alternate schedule authorization with seniority so that newer staff members on the alternate schedule are off mid-week.
02 PE	Personnel with functional and technical knowledge of the payroll and PaySR system may not be available to support the system in long term leading to challenges	People	High	While newer users may be able to learn the basics of PaySR use, absent procedural documentation, users manuals and/or training, they will be less effective in data	Agressively pursue the development of procedural manuals in all department. Include both day-to-day and annual or infrequent activities. Update the manuals against each new communication regarding PaySR updates.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	in system maintenance. Departments have a challenge with "knowledge exit", key resources are nearing or are at retirement eligible age. Their expertise with how the system works will exit with them as there is limited documentation for the system. Without user manuals or training the departments have a challenge bringing the replacement staff up to speed on the system and processes.			interpretation and error resolution	Develop and implement regular new and experienced user training.
03 PE	Due to lack of comprehensive functional and technical knowledge of PaySR system and processes, the City may not be able to	People	High	The support team varies in their knowledge of the underlying processes being supported by the system and consequently can, at times, only determine a technical cause of an issue rather than	Clearly define overall ownership of the Payroll process and system support. Ensure end to end review of changes and root cause analysis of errors / bugs. Review the expectations of the various roles in the ITA group and ensure that

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	effectively resolve the issues or implement changes in line with overall system design. The City's ITA staff assigned to the PaySR team are a mix of experienced and relatively new staff members. The team is structured to support PaySR based on module or component and each team member has a backup. Longer tenured members have deeper knowledge of PaySR's functionality and data structure. Shorter tenured members are more likely to respond to requests without analyzing the process or system implications. The ITA team plays only the programming role and looks to the Controller to provide functional knowledge.			look for a root cause problem impacting the overall process. This can lead to ineffective resolution of the problem or introducing a new problem while solving an existing one.	there is sufficient support for PaySR within the defined role structure if the City decides to move from primary contractor support.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
01 PR	Multiple ongoing MoU negotiations over the past few years have led to need for significant changes in the PaySR system. Per discussions with the project lead, we understand all MoUs were due for renewal, hence the changes have been ongoing, and are relatively large in number.	People	High	Ongoing changes result in a continual need to design, test and implement significant changes to the programming. There is a need to ensure change are associated with correct MOU, job class(es), divisions or other designations both at the time of change implementation as well as for employees as their job status changes and, potentially, retroactively. .	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system: • Ensure PaySR support staff is aware of timing and type of pending negotiations. To the extent possible, inform PaySR staff of how planned negotiations will impact payroll or other employee data. • Create system detail summary for negotiators to use in understanding effort / time required to implement system changes • Retain contractual staff with expertise in the design and development of the system to effect changes. • Clearly identify those MOU changes that are more appropriately managed by ITA and ensure those items are assigned correctly. Begin technical documentation process of system architecture and support

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
					Resurrect process and system training for new and existing staff supporting payroll. Review the existing contract with Hess and Associates considering the short term mitigation strategy, and make amendments as deemed necessary. Develop testing protocols that test the change and include confirmation testing of data in other MOUs to ensure no unforeseen impact to data not obviously involved in the change.
02 PR	Access monitoring controls around PaySR system are not designed to detect inappropriate access leading to potential of unauthorized activity. 2014 Audit report shows there is no regular review of user access privileges or audit of the appropriateness of user activity Based on City's response we understand that the	Process	Medium	Users may continue to access and/or change sensitive information after authorization has ended.	Audit the entire list of PaySR users and deauthorize those who should no longer have access. Develop and implement a formal practice for system authorization including the requirement that users are deauthorized within 24 hours of termination or job change.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	"super user" activity was audited and a semi-annual review of the activity of server/database administrators was implemented				
03 PR	The PaySR support team may not have sufficient information and / or time to design, implement and test the changes resulting from CAO negotiations leading to erroneous design, insufficient testing and / or untimely implementation. CAO (Labor Relations) has a process to involve / inform PaySR team of negotiation plans that might have system impacts. However,	Process	High	This practice allows the PaySR team to anticipate and plan for upcoming programming changes, secure resources and provide an estimate of effort required to inform negotiations.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system • Ensure that CAO and PaySR support team meet regularly to discuss upcoming payroll changes impacting PaySR system. • Implement defined MOU technical support plans as information of planned negotiations becomes available outlining anticipated systems changes and timing.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	the process is not consistently followed.				
04 PR	Lack of timely, effective and efficient collaboration between different stakeholders groups may lead to personnel spending relatively large amount of time investigating issues while these can be resolved more efficiently by another group. E.g. The Controller staff may be spending significant time investigating issues rather than engaging ITA	Process	High	There may be overlap between the roles of the Controller and ITA causing unnecessary work in some cases.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system.This plan should include clear identification of roles and resposnibilities: • Ensure roles are both understood and optimized so that staff isn't doing work that is the responsibilty of others due to a lack of comfort that it will be done correctly. • Review group charters and roles to ensure they are aligned with efficient internal practices.
05 PR	Lack of actual or perceived accuracies in the PaySR data has resulted in, and may further increase	Process	Medium	Data may not have been entered accurately. This may be related to the multiple code options and the lack of code filtering by MOU.	Develop System / Technical documentation to increase the ability for people other than BHA to support

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	presence of manual workarounds in payroll processes. Inaccuracies in historical data impact current processes (e.g., issues with job history that may or may not be needed when calculating a retro pay requirement)			Ensuring accurate historical data for retro or retirement calculations requires significant manual intervention.	the solution. Documentation needed includes: • Architecture diagrams • Data model/data maps • Table Architecture (e.g., what tables hold Form41 data) • Determine whether there are any validation queries that can be run to correct historical errors. • Provide clear documentation to support ongoing data accuracy. • Conduct thorough review of the decision based workflow associated with common codes. Consider re-programming to create rules based coding and eliminate single purpose codes to the extent possible. • Develop an approach to data validation prior to migration of historical information to any other system. • Document historical code translations

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
06 PR	Lack of singular accountability for Payroll and internal skillsets have led to City not being able to support the system and high reliance on contractor. ITA and the Controller defer to the IT Consultant and do not own the environment Individual departments have business requirements that result in the use of supplemental systems which often do not interface with PaySR requiring duplicate data entry and the potential for data to be out of sync (e.g., NSS for Fire Department scheduling, CRIS system for Police monthly deployment tracking). In the case of Police, CRIS is	Process	High	This has resulted in a general lack of governance of the PaySR design, development and support process. These systems are not likely to be replaced by either new PaySR functionality or the implementation of a new system. Duplicate data entry is required to keep the systems in sync as there are no interfaces passing data to or from a system of record	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. There needs to be a clear owner and manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in alignment with the City's goals/objectives.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	considered the more accurate data for research purposes.				
07 PR	MOUs are not documented in a "standard" format. This creates a challenge when reviewing the MOUs to determine the changes (in either PaySR or in administration) that are required. Controller staff create spreadsheets that extract the agreement items that will need to be changed in the system and/or in administrative processes. These spreadsheets are used to determine the changes required and to ease in	Process	Medium	Departments must read through the MOUs and determine the types of data or pay changes that result from MoU changes. Those changes may be confirmed with the CAO but, ultimately, they are communicated to the PaySR team for implementation. Lack of consistency requires the teams to research the entire document to discover changes rather than look in a consistent location.	Continue moving toward standardization of MOUs . The CAO office indicates that, in many cases, moving to a more standard format is possible so this should be explored and implemented where agreement can be reached with the bargaining units. The CAO can highlight those areas of the MOU that result in an impact to payroll or other employee data

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	interpretation of the agreement documented in the MOU. Similar challenges in interpretation of the MOUs was expressed during the data gathering interviews with department personnel.				
08 PR	Lack of actual or perceived inaccuracies in PaySR system may result in retaining information in hard copies or duplicate formats. E.g. Copies of FORM41 are maintained by Recreation and Parks (and others) as a backup as a precaution (for when PaySR is not showing the data correctly).	Process	Medium	Copies are maintained due to lack of visibility into data on PaySR screens once an entry is performed.	No short term mitigation activities may be performed for this specific risk.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
09 PR	Functional deficiencies in the system, and lack of resources/ priority to address the same have resulted in manual work arounds in the processes. Departments (depending on employee populations) feel they are not a priority - their requests are not being dealt with since the impact is to a smaller number of employees. Consequently, Payroll and HR have developed workarounds to deal with both perceived system issues (e.g., PaySR not saving or displaying data after input) as well as lack of needed functionality	Process	High	Manual work arounds in processes lead to ineffective use of time, and less reliance on the system.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system. For needs that are not critical, the City may not implement any mitigating strategy in short-term

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	(e.g., defaulting to the current salary step in promotions) that require manual intervention and, at times, maintenance of alternate data tracking methods. Examples of areas where additional functionality would save significant time in manual workarounds (e.g., Division number available as a field for reporting Time parameters, additional checks/processing rules when transferring an employee from one organization to another). EthniCity is not required on the application form yet is a required field by PaySR FORM41. Retirees should default W2 back to paper copy - creates extra work for				

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	the department in responding to requests for paper copies of W2 forms. Uniform allowance is done manually. Vacation for half-time employees is done manually. Extractor stopped working over a year ago.				
10 PR	The PaySR system may not provide for key functional requirements in the processes. Functional deficiencies in the system, and legacy design issues have resulted in manual work arounds in the processes There are legacy design issues and	Process	High	Manual work arounds in processes lead to ineffective use of time, and less reliance on the system.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: • What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	issues that have been noted but not resolved resulting in departments lacking confidence in the data and developing workarounds (e.g., Transfer report inaccuracies, Input Summary Report cutting off data) Payroll and HR have developed workarounds (e.g. Fire time capture) to deal with both perceived system issues (e.g., PaySR not saving or displaying data after input) as well as lack of needed functionality (e.g., defaulting to the current salary step in promotions) that require manual intervention and, at times, maintenance of				items that will be implemented in the system. For needs that are not critical, the City may not implement any mitigating strategy in short-term

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	alternate data tracking methods. Previous three versions of Form 41 are active, the extent of their use is unknown. The fourth and newest version is the one the PaySR team maintains and updates to ensure accuracy.				
11 PR	The data in PaySR may not be in sync with the data from ancillary systems, especially the ones not interfaced with PaySR leading to duplicative and error prone data entry. Individual departments have business requirements that	Process	High	Lack of interfaces or inappropriately designed interfaces lead to extensive manual effort in duplicative data entry and overall data management.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: • What work will be completed and what will be deferred in terms of system changes/ fixes/

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	result in the use of supplemental systems which often do not interface with PaySR requiring duplicate data entry and the potential for data to be out of sync (e.g., NSS for Fire Department scheduling, CRIS system for Police monthly deployment tracking). In the case of Police, CRIS is considered the more accurate data for research purposes. Additional systems linked to PaySR are undergoing replacement (which will require changes to interfaces) include Pension Admin, LACERS, Documentum				enhancements. The deliverable would be an inventory of critical items that will be implemented in the system. For needs/ interfaces that are not critical, the City may not implement any mitigating strategy in short-term

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
12 PR	There is at best a reluctance and at worst an apathy associated with creating problem tickets to report issues in PaySR. The perception is that it will not be addressed and the priorities of the business require that the work be completed in a timely manner so workarounds are implemented. The departments have no visibility into what problems are being addressed by the PaySR team or what happens to tickets they do submit. This suggests that there may be a large number of unreported issues.	Process	Medium	Manual work arounds in processes lead to ineffective use of time, and less reliance on the system	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: • What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system. • Analyze the impact of the issue to the business process as part of the initial analysis. Use the business impact rather than size of employee group effected as the determiner of priority. Include more feedback into the SOS process. Ensure all submitters receive a consultative conversation regarding the issue, how it will be addressed, estimated timing and final resolution.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
					• Review current outstanding tickets with submitters to identify impact of the issue on the business operations (e.g., are work arounds resulting from this issue) and prioritize accordingly. Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols.
13 PR	Erroneous changes may be introduced in PaySR production leading to functionality and processing issues. **Change Requests:** The change management processes are not formalized or consistently followed	Process - Change Management	Medium	Erroneous changes may lead to disruption in payroll processing or worst, inaccurate payroll processing, leading to increased support requests, and further reputational impact on the City.	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols. Develop and provide system development lifecycle training to: • PaySR Administration team • ITA

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	by all relevant stakeholders. Changes are requested by multiple sources and may not be captured using a standard process. Requests may include the solution requested rather than the issue to be addressed. PaySR includes new panels and workflow as requested rather than through a process that determines whether request can be accommodated within an existing framework. **Change Approval:** There is no common protocol for presenting changes for approval. ITA may receive requests for mass changes in a variety of formats.				• Payroll Operations

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	Testing: There is no procedure or assistance for requesting groups to test and approve changes. Some users are allowed to set up validations within PaySR without adequate testing of impacts. Retro and pre-test processes use the same environment and cannot test at the same time.				
14 PR	Critical changes may not be implemented timely leading to delay in accurate payroll processing and manual workarounds. Key examples: PaySR change control process and	Process - Change Management	High	Lack of appropriate prioritization and common understanding amongst relevant stakeholders may lead to critical needs being unmet by the system and/ or significant time spent on addressing needs that may not be critical with respect to	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols. Develop and provide system development lifecycle training to: • PaySR Administration team

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	prioritization are not commonly followed. Changes to the system are made without associated procedural changes. Departments have SOS tickets that have been open for extended periods of time. There is a feeling that opening a ticket will not result in any action. Significant backlog of change requests / bug fixes many of which appear to require minor effort. Changes related to negotiated agreements take priority, existing work is delayed accordingly.			overall vision of the system. Considering PaySR is supported by the contractor heavily, this may also lead to ineffective use of contractor time and resources leading to critical tasks like baselining not being implemented.	• ITA • Payroll Operations Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: • What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system. • How will the critical items be assigned and managed amongst relevant stakeholders including PaySR Administration team, ITA and BHA, especially focusing BHA involvement to necessary areas and expanding on training

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options

15 PR	There is no defined single owner of the Payroll process and associated technology authorized to adjudicate changes.	Process - Change Management	Medium	Lack of singular accountability for Payroll has led to:
				• Multiple and conflicting priorities amongst different stakeholders supporting PaySR.
				• Evolution of system to its current state wherein overall architecture and strategy to Payroll is not available.
				• Over reliance on the contractor to support the system.
					Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining:
					• What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system.
					• How will the critical items be assigned and managed amongst relevant stakeholders including PaySR Administration team, ITA and BHA, especially focusing BHA involvement to necessary areas and expanding on training
					• Roles and Responsibilities for key stakeholders and the needed communication protocols, including:
					  • Role of City Controller
					  • Role of ITA

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
					• Role of BHA • Role of Functional Analyst • Role of Departments • Role of Vendor Governance/Oversight There needs to be a clear owner and manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in alignment with the City's goals/objectives.
16 PR	Users/ departments may not be aware of ongoing changes leading to lack of understanding of new PaySR functionality, which further leads to errors in user processing and/ or need of support requests. Users / departments indicate they are not	Process - Change Management	Medium	Lack of well documented and implemented communication strategy may lead to user dissatisfaction on PaySR system.	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols. While a change management process exists, it should be refined to limit production issues and ensure a focus on only the critical items as determined by the project management office (PMO) as noted in objective 1. This objective would include developing and implementing the

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	informed of changes and discover them during processing. However, the Controller's office regularly sends out detailed communications regarding what is changing with each system update. Communications may not be disseminated or may not be received by the appropriate users.				change management structure and governance, including: • Common terminology and definitions as used in change management process • Approval Matrix and workflow for different types of changes • Structured templates for requesting changes/ fixes • Structured methodology for testing • Agreed upon timelines to address the changes • Agreed upon communication strategy and templates
01 TC	The City may not be able to support the PaySR system without support from the contractor. Comprehensive knowledge of PaySR system is only available with the IT	Technology	High	Support for PaySR will be necessary over a longer time frame than the contracted services may be available and/or affordable by the City.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include • How will the critical items be assigned and managed amongst

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	Contractor whose contract is due to expire in 2017. This has led to high level of dependency on the contractor for maintaining the system. In addition, the existence of the contractor has reduced the need to have skilled PaySR support resident internally. This results in expense for the City and risk associated with the ongoing availability of the contracted resources.				• relevant stakeholders including PaySR Administration team, ITA and BHA, especially focusing BHA involvement to necessary areas and expanding on training • Roles and Responsibilities for key stakeholders and the needed communication protocols There needs to be a clear owner and manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in alignment with the City's goals/objectives. Develop System / Technical documentation to increase the ability for people other than BHA to support the solution.
02 TC	Erroneous system changes may be introduced in the production environment of PaySR. There does not appear to be sufficient time	Technology	High	Due to lack of sufficient time/ formalized change management processes, changes may be introduced in the system without appropriate design and/ or	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	provided to the PaySR maintenance team to implement and further comprehensively test the MoU changes. It appears the team is given timeline of 2-4 weeks to implement changes that may require significant programming and impact relatively large number of users. There are approximately 20-25 new changes introduced in the system every pay cycle which is a relatively large volume for a 15 year old system. This has led to lack of comprehensive testing prior to changes being implemented in production.			sufficient testing leading to new errors in the system.	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
03 TC	There is limited available documentation around system functionality. As such new / existing users either have to reach out to the IT contractor or self-learn/ explore the system leading to organization change management issues. This has also led to manual workarounds, while the system may have capability to perform the functions. Additionally, changes to the system (fixes, enhancements) are ongoing but users are uninformed of the changes and their implications.	Technology	High	Lack of documentation means that, should the contractor no longer be available, there would be no way to maintain or change the system until employees or new third parties were able to gain knowledge of the current programming. Changes can be made with ITA staff but the time required to do so is would be longer than that required by the contactor given lack of internal knowledge of the system.	Develop System / Technical documentation to increase the ability for people other than BHA to support the solution. Develop Functional documentation to increase knowledge of the payroll business rules for those accountable for accuracy Develop End user Documentation within the individual departments and implement the prior training program. Assign responsibility for procedural updates after each bi-weekly change Begin formal bi-weekly communications to users regarding changes and their implications.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
04 TC	The PaySR system may not be adequately protected from natural or man-made hazards like fire leading to system unavailability in cases of hazards. 2014 Audit report indicates the server room does not have adequate fire protection - City's response said that a design of a data center with adequate fire protection is underway	Technology	Medium	Business continuity may be compromised in the event of a fire.	Obtain resources and complete fire protection activities Develop and implement a disaster recovery plan with off-site back up and roll over support.
05 TC	The PaySR system may not be adequately protected from natural or man-made hazards like fire leading to system unavailability in cases of hazards. 2014 Audit report finds no Disaster Recovery	Technology	High	Business continuity may be compromised in the event of a disaster.	Continue and complete current effort to launch a Disaster Recovery Plan. Review, test and update the plan every 12 months.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	Plan for the technology - City's response was that a plan was to begin implementation in May 2015				
06 TC	The users and PaySR support team may not be able to support the system internally due to inherent complexity in architecture and design of the system. In addition, explanations of data and functionality by the IT Contractor are not captured and disseminated	Technology	Medium	Over reliance on the contracting support staff is a known issue. However, there is little desire to develop knowledge on system support internally. Although the contractual intent was for contracting support to be ongoing, some risk associated with this can be mitigated by having some level of knowledge resident internally. The complexity of the system in addition to its complete customization by department may inhibit the ability to have even minimal expertise available internally.	Develop System / Technical documentation to increase the ability for people other than BHA to support the solution Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining roles and responsibilities for key stakeholders and the needed communication protocols There needs to be a clear owner and manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
					alignment with the City's goals/objectives.
07 TC	PaySR system may not be available to support ongoing business functions due to lack of controls around system stability. Departments expressed concerns regarding the stability of PaySR (cited numerous instances of PaySR going down - felt the frequency has increased in the last 6 months). A number of examples were cited where the system did not work as expected (e.g., data was entered and saved but then "disappeared") this was combined with a number of other examples of what were referred to as "glitches" in the	Technology	High	Lack of controls around system stability may lead to system being unavailable during critical payroll processing duration, leading to erroneous or untimely payroll runs. This may lead to reputational impact on the City.	Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining: • What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system How will the critical items be assigned and managed amongst relevant stakeholders including PaySR Administration team, ITA and BHA, especially focusing BHA involvement to necessary areas and expanding on training Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	system. Instability seems to have been introduced into the system – with each new "release" the departments experience existing functionality that no longer works.				PaySR environment and (b) required testing protocols.
08TC	Lack of appropriate design and controls around system access may lead to erroneous or intentional changes in data. PaySR does not filter data such that the user sees only those codes applicable to the appropriate MOU. This means that users must chose codes for items such as bonus, salary increases or compensation levels from the entire, extensive code list.	Technology	High	Incorrect conclusions may be drawn on data if users are not familiar with correct interpretations or historical nuance. Significant number of coding options with minimal definition contribute to this issue. Problem will increase as employees experienced with the data and system begin to retire.	Develop End user Documentation within the individual departments and implement the prior training program. E.g. Provide detailed definitions of codes to users. In short term, the City may not be able to mitigate risks around user access resulting from system design

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	This also requires users to have detailed knowledge of the codes applicable to each MOU and Class. Additionally, validations are not set up to check the MOU requirements				
09 TC	The technical architecture of PaySR application is relatively outdated and poses challenges in terms of system maintenance.	Technology	High	PaySR system is based on a client server architecture which is an outdated technical architecture and poses severe disadvantages to the organization in terms of the system's maintenance (issue fixes or upgrades), system scalability and system stability. One example of this would be that every time a change is made to the .NET client, this change needs to be pushed out to all the workstations which are accessing the PaySR application using the ClickOnce technology. Another example is that the ITA needs to maintain multiple .NET clients	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk.

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				as not all components (e.g. extractors, analyzers) are needed by all users which creates a very error-prone and laborious maintenance model for the ITA.	
10 TC	The technical design of PaySR application, with business rules primarily residing in database system, is archaic and leads to complexities when implementing new changes to the system	Technology	High	PaySR system is designed/developed in such a manner that majority of business logic/business rules reside in the database system with the client layer and middle tier (web service) only containing minimal business logic/business rules. This is a complex and archaic way to technical design for a system for the following reasons: • Database do not scale as well as the application servers • Difficult to maintain application as its difficult to do configuration management and version control on database objects • Difficult to technically understand an application as the business logic is within database objects	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
				compared to an object oriented language or layer which mimics the real world • Less testable and debuggable application architecture • Large number of database instances and keeping track of all the changes to those instance becomes a challenge	
11 TC	Current choice of technology (large custom solution hosted on premise) requires the City to perform constant technology upgrades.	Technology	Medium	Requirement to constantly upgrade technology leads to expensive, time-consuming, disruptive and inefficient system maintenance. Some instances include: • Recent production outages of the PaySR system in March 2016 were attributed to the outdated Glassfish application servers. Glassfish application servers are sunset product which are supported by Oracle currently. ITA is already in the process of moving the	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk.

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				application servers to JBOSS Enterprise Application Platform (EAP) which is an extremely time consuming and costly upgrade activity. • Similarly ITA has tried to upgrade to the JasperReports servers but even in its current state the production environment has old reporting servers along with the new ones as the transition of reports is not yet complete. This is leading ITA to maintain redundant servers which are not required incurring additional costs for maintaining the redundant servers. • A few years ago ITA had to upgrade all of its database servers which were using different versions of AIX operating system which was a very expensive, time consuming and difficult upgrade.	
12 TC	Due to the existing system architecture	Technology	Medium	This leads to higher spending and potentially ineffective	In order to mitigate this risk, the City may not to overhaul current PaySR

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	and the way system is designed (database heavy) ITA needs to maintain a heavy infrastructure footprint for the PaySR application. Also ITA maintains/uses a lot of environments which are not being fully utilized at all points in a project lifecycle but they still need to be maintained due to the project needs.			utilization of the PaySR infrastructure.	application. As such, in short-term the City may not be able to mitigate this risk.
13 TC	Lack of System and Log Monitoring: Application and middleware logs are not being proactively monitored, and logs are not archived regularly. Logs are being allowed to grow in the PayProd database instance and are only	Technology	Low	Lack of proactive log monitoring for system issues leads to untimely resolution of system logs and instability in the system.	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	reviewed/looked at during troubleshooting of issues.				
14 TC	As majority of the current changes to the system are one offs or emergency changes, no rollback plan or backups are taken before making these changes.	Technology	High	Lack of rollback plan or strategy for majority of the changes to the PaySR system leaves the system highly vulnerable from a stability standpoint in case the team runs into any big issues during these change executions.	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols.
15 TC	Unauthorized or erroneous changes may be introduced in production environment. A formal Release Management process for promotion of technical changes from lower environments to the production environment is not implemented/	Technology	Medium	Lack of formal release management process and direct changes to production lead to inconsistencies between non-production and production environments and make the system less stable.	Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols.

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
	followed. It also appears certain stakeholders have direct access to the production environment and it was noted in past instances that these stakeholders have made configuration changes directly in the production environment without going through the correct process.				
16 TC	The system may not be available in cases of large demand or heavy utilization. For scalability purposes, the current procurement and setup time for any new hardware (e.g. adding an additional database server) is approximately 14-16 weeks (3.5-4 months)	Technology	Medium	Long lead time in order to achieve scalability requires that ITA plans capacity well in advance or it puts the system at risk in a scenario where capacity needs to be addressed at a short notice which requires a hardware upgrade.	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options
17 TC	In the current system architecture, PaySR databases are not clustered and currently the team is maintaining a lot of redundant instances and taking a lot of backups. Overall, this is a weak solution design due to lack of its recoverability.	Technology	High	Lack of clustering and appropriate design has led to system availability and stability vulnerabilities. This has also led higher storage costs to ensure data is maintained in case of any issues.	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk
18 TC	Sensitive data stored in PaySR system may be misused or not protected appropriately. All non-production environments have unmasked production data.	Technology	Medium	This is a potential security concern due to lax access restrictions on non-production environments (especially development environments).	In order to mitigate this risk, the City may not to overhaul current PaySR application. As such, in short-term the City may not be able to mitigate this risk

Id	Description	Category	Initiative Impact Rating	Implications / Results of Observation	Mitigation Options

6. Conclusion and Short Term Mitigation Strategy

Based on KPMG's validation of Controller's office current state self-assessment, and further KPMG's risk assessment over PaySR sustainability and reliability, we believe PaySR solution is exposed to risks in each of the key areas as they relate to People, Process and Technology. The identified risks in each of the risk areas have relatively high impact on long term sustainability and overall reliability of the system to run the City's payroll function. As such, the City will need to replace the PaySR system in long term (5 years). While the City plans for PaySR replacement , in order to sustain the system in short term (3-5 years), the City will need to implement mitigation strategies. These mitigation strategies do not ensure long term sustainability of the PaySR system, however will support the City in stabilizing the PaySR system in short term to ensure its availability to process payroll. The short term mitigation strategies include the following projects / considerations. KPMG's 2nd deliverable "Future State Roadmap" will provide focused recommendations for the long term system replacement:

- Develop and implement a project management governance structure responsible for developing, managing, communicating and monitoring a project plan of critical path or must have items in PaySR system. This objective would include determining:
    - What work will be completed and what will be deferred in terms of system changes/ fixes/ enhancements. The deliverable would be an inventory of critical items that will be implemented in the system.
    - How will the critical items be assigned and managed amongst relevant stakeholders including PaySR Administration team, ITA and BHA, especially focusing BHA involvement to necessary areas and expanding on training
    - Roles and Responsibilities for key stakeholders and the needed communication protocols, including:
        - Role of City Controller
        - Role of ITA
        - Role of BHA
        - Role of Functional Analyst
        - Role of Departments
        - Role of Vendor Governance/Oversight
- There needs to be a clear owner and manager of the "PaySR Critical Path" activities. The intent of the current agreement with BHA may need to be modified to ensure the focus is in alignment with the City's goals/objectives.

- Develop and implement a refined change management process which mandates governance over (a) introducing changes into the production PaySR environment and (b) required testing protocols. While a change management process exists, it should be refined to limit production issues and ensure a focus on only the critical items as determined by the project management office (PMO) as noted in objective 1. This objective would include developing and implementing the change management structure and governance, including:
    - Common terminology and definitions as used in change management process
    - Approval Matrix and workflow for different types of changes
    - Structured templates for requesting changes/ fixes
    - Structured methodology for testing
    - Agreed upon timelines to address the changes
- Develop and provide system development lifecycle training to:
    - PaySR Administration team
    - ITA
    - Payroll Operations
- This training will help ensure the City teams are equipped with the tools needed to support and implement changes into the system within the governance structure.
- Develop System / Technical documentation to increase the ability for people other than BHA to support the solution. While documentation has been developed by individuals (usually specific to their area of responsibility), an over-arching set of documentation for the PaySR solution does not exist. Consolidating and enhancing the documentation would increase the ability for people other than BHA to support the solution and will also be a basis point for establishing the future state requirements. Documentation needed includes:
    - Architecture diagrams
    - Data model/data maps
    - Table Architecture (e.g., what tables hold Form41 data)
- Develop Functional documentation to increase knowledge of the payroll business rules for those accountable for accuracy (e.g. creating database of what are the specifications within the MOUs). The existing functional documentation is out of date

and updating the functional documentation would increase the ability for the City analysts to have a greater understanding of the PaySR functionality and will also be a basis point for establishing the future state requirements. The documentation should delineate what is "configurable" and what is coded. For the configurable components documentation should be developed on how to configure (configuration is a form of programming).

- Develop End user Documentation within the individual departments and implement the prior training program. The existing user documentation is out of date and updating the user documentation would decrease the errors on the front end and reduce the work on the back end to correct the errors. With the changes in personnel there are users who are new to the system and do not have the guidance on how to use the system and are thereby introducing errors. The training program should be resurrected and refreshed to provide training to the new users of the solution.

7. Future State Technology Considerations

During our risk assessment procedures, we noted many key observations that have implications for the structure of the future state support for payroll through technology and process enhancements. While KPMG will provide a detailed roadmap for Payroll Solution replacement as part of 2nd deliverable "Future State Roadmap", the following are key areas that will need to be addressed as the City of Los Angeles moves forward with decisions about underlying technology.

Observation	Technology Implications
Ongoing MOU changes impacting system configuration and data	The supporting system should be designed using the standard payroll / organizational / job components as the framework with underlying variances by department and MOU. For example, Bonus for Uniform would be a single established code in the system which would vary in execution (e.g., frequency, amount) based on department and MOU rather than creating different Bonus for Uniform codes for each department and MOU.
Changes are requested by multiple sources and may not be captured using a standard process. Requests may include the solution requested rather than the issue to be addressed	Business requirement should be gathered prior to design of future state technology structure to minimize additional user required changes (i.e., non-MOU changes). Design of PaySR appears to be based primarily on the structure of previous supporting technology. Future design should be based on departmental use of the information to drive business processes. Change management efforts will be necessary to move expectations from one of continual requests for fixes and modification to one where user requested changes are an exception.
Inaccuracies in historical data impact current processes (e.g., issues with job history that may or may not be needed when calculating a retro pay requirement)	Any historical information transitioned to a new system should be validated and updated to remove ongoing inaccuracies or interpretation needs. Historical information not migrated should be catalogued to expedite future interpretation.

Observation	Technology Implications
Hard copies of forms are retained for documentation purposes and due to lack of trust in the system	The future system should be designed to house and back up all required employee and payroll information. Employee and Manager self-service with automated workflow should replace paper forms.
Payroll and HR have developed workarounds to deal with lack of needed functionality (e.g., defaulting to the current salary step in promotions) that require manual intervention and, at times, maintenance of alternate data tracking methods. Individual departments have business requirements that result in the use of supplemental systems which often do not interface with PaySR requiring duplicate data entry and the potential for data to be out of sync (e.g., NSS for Fire Department scheduling, CRIS system for Police monthly deployment tracking). In the case of Police, CRIS is considered	All current off-system processes should be inventoried and evaluated for inclusion in the future state business requirements. Additionally, all departmental ancillary systems should be investigated to determine whether their functionality can be supported by a future state system or whether interfaces need to be built so that there is one system of record and the current duplication of data entry is eliminated.

Observation	Technology Implications
the more accurate data for research purposes.	
PaySR appears to support all possible transactions and information needs of the users. It may be more robust than necessary.	Current systems are designed to support better practice payroll processes. As part of requirements collection, departmental payroll processes should be reviewed against better practice approaches and process changes instituted rather than system customizations wherever possible.
Detailed knowledge of data required for interpretation or validation of individual records and reports (e.g., knowing the outcome such as there should have been approximately 700 employees on this report not 70).	Codes should be consolidated at transition (i.e., one code for each bonus type that has different workflow and value depending on department and MOU). System infrastructure needs to filter on MOU showing users only the codes relevant to the record they are changing.

Appendices

Appendix A: Documentation Review

City of Los Angeles Controller – current state assessment

This report was prepared by the City Controller's office in 2016 and provides the following:

- Summary of the objective related to PaySR (e.g., reduce risk, improve performance, reduce costs, and ensure PaySR is sustainable)
- Brief background of the history of PaySR
- Statement of Risks and Challenges with supporting details
- Establish a path for identifying and successfully implementing a cost effective alternate to PaySR (for the future)
- Identify the need for a Comprehensive Plan of Action (Short-term and Long-term, include any limitations on the plan, role of KPMG in the plan of action)
- Identify Next Steps

Key findings identified in the report:

- High degree of dependence upon a third party company and specifically one individual
- Lack of resources resulting in unmet needs (across functionality, documentation, training, analysis, reporting)
- Challenges in supporting the systems and processes that make up the Personnel and Payroll environment (e.g., solutions for time keeping, interfaces to the retirement and pension systems, interfaces to ancillary systems such as Worker's Comp, lack of "current" functionality and access (e.g., self-service, web access, analytics).

The report provides details for each of the risks and challenges and provides appropriate context for the current situation for use as a means to gain alignment regarding the current state and the plan for action.

The following topics were documented under the Risks and Challenges section:

1. Over dependence on one individual (contractor)
2. Inability to support several offline systems and processes in the future
3. Impact of lack of Resources and Unmet Needs
4. Fire time reporting, FLSA, and overtime automation
5. FLSA for other Departments
6. Need for Quality Assurance function
7. Lack of Documentation
8. Need to improve controls to increase transparency, accountability, and reduce costs
9. Streamline, automate, improve current/manual processes and develop better interfaces to become more efficient
10. Develop and implement applications and employee self-service to improve service
11. Improve and enhance security
12. MoU interpretation, monitoring, and consistent application
13. Lack of adequate reporting tools and Management Information System
14. Need for Training
15. Lack of growth opportunities resulting in low morale, motivation, and talent flight

Observations/Conclusions

Based on the assessment process completed by KPMG, KPMG has identified observations and conclusions (documented later in this document). Overall KPMG's assessment is that the document prepared by the City Controller is an accurate representation of the current situation, the risks, and the options for the future.

KPMG has identified the following areas as key risk areas related to sustainability and should be key/priority focus areas:

- Reliance on a specific individual (contractor) for overall knowledge of the PaySR solution and also to a great extend for functional knowledge of Payroll and the payroll needs of the City. Develop/enforce the plan for knowledge transfer included creating/updating/refreshing documentation related to both the system (technical) and functionality. This should include an overall architectural view of the entire network of applications that support Personnel and Payroll.
- Undertake a process for resource assessment focusing on the number of resources, the skill set/experience requirements, succession planning, job/role descriptions, cross-department cooperation and support alignment, cross training, and work management. There is not clear alignment on the single owner of the work plan and the priorities. There is not a clear organizational structure that separates development from production support (resources are working on both with production support/compliance taking priority) resulting in the Hardening, Baselining, and other functionality enhancements being delayed. The City continues to experience staff movements due to retirement and each departure takes with it the entrenched knowledge. With the reduced staff and the focus on the changes resulting from business changes (e.g., MoU negotiations, salary step changes, mobile enablement, etc.) the enhancement plan for PaySR has been delayed.
- Undertake a process to enhance the documentation. There should be three work streams for documentation: 1) system/technical, 2) functional, and 3) user. This documentation would be beneficial to the City in that it would increase the ability for City staff to understand and support the environment, it would improve the functional support and responsiveness and it would assist the user departments with their challenges related to departing staff. Coupled with the documentation should be a refresh of the Training program and a plan to offer training as required by new personnel. An additional benefit of the completing the documentation is that it can help set the stage for the future in that it is a form of documenting the requirements.
- Undertake a true root cause analysis of the controls risks. Understanding, categorizing, and developing a plan for remediation would improve the controls environment resulting in reduced payroll costs to the City. The report identified some know areas of exposure, such as, controls regarding bonuses, controls related to overtime, controls related to adjustments, and strengthened controls to minimized transaction processing errors (improving the documentation may also help mitigate transaction processing errors).
- Focus on the key area of "streamline, automate, improve current/manual processes and develop better interfaces". During the interview process many departments identified that they have manual workarounds in place to supplement PaySR functionality resulting in additional effort/labor on their part. Some examples include: process for paying 75-80 vendors every pay period, LACERS adjustments, Recreation and Parks has a manual process to calculate vacation for 700+ part-time employees and manually creates a report to distribute to its various locations for overtime monitoring, the FMS interface

does not include sequence number, vendor file interface process through Google, departments keep manual copies of Form41 as backup, etc.

Report from Office of the City Administrative Officer – Analysis of Proposed Contract (C-105458)

This report provides a summary of Contract C-105458 (3rd Restated Professional Services Agreement between The City of Los Angeles and Hess & Associates, Inc.) and is addressed to The Mayor and The City Council. It summaries the intent of the restated contract and the rationale for the change in philosophy and direction.

Observations/Conclusions

The document provides a very concise description of the contract and provides clarity on the rationale for the change in philosophy in the City's approach to managing the programming, development, and maintenance of the payroll system. Originally it have been assumed that City staff would take over from the Contractor the maintenance and enhancing of PaySR. The current assumption is that PaySR will become more of a commercial-off-the-shelf solution with the ability for the City to configure for it needs rather than program. The Contractor would be retained to provide support for the core PaySR solution (e.g., the engine that supports the configuration). In addition, the contract included completion of additional functionality for Payroll and for Personnel to conclude the development life cycle and move PaySR to a steady state solution.

A number of factors have resulted in the effort to Harden and Baseline PaySR falling behind schedule. See 3rd Restated Professional Services Agreement Number C-105458 [Seventeenth Amendment between the City of Los Angeles and Hess & Associates, Inc.]

3rd Restated Professional Services Agreement Number C-105458 [Seventeenth Amendment between the City of Los Angeles and Hess & Associates, Inc.]

This document represent the legal agreement between The City of Los Angeles and Hess & Associates, Inc. and represents the third restatement of the agreement and seventeenth amendment. The contract was effective August 1, 2003.

- City Contract Number: C-105458
- Was amended 14 times between 2003 and July 2013 to increase program functionality beyond the original payroll systems, extend the term, and provide additional services.

- First Restatement, August 1, 2013 clarified the general obligations of the parties, added Technical Projects (1 through 4) and Functional Projects (1 and 2) and extended the term to July 31, 2015.
- Second Restatement, on or about June 9, 2014 increased total funding and provided for additional Personnel Department deliverables.
- Third Restatement, June 1, 2015 for software modifications to PaySR and knowledge transfer to the City PaySR support staff, increased funding to cover the additional work. The 3rd Restated Agreement contains all of the current obligations of parties.

The City is generally meeting its obligations as represented under Statement of City Responsibilities, however, there are some items that are not fully being met. For example:

- Perform System Change Management
- Develop and maintain User Manuals
- Develop Training materials and perform user training
- Maintain PaySR documentation once modules are moved to production

The Contractor is generally meeting its obligations as represented under Statement of Work, Section a (Effective August 1, 2013 through July 31, 2015), however, there are some items that are not fully being met. For example:

- Adherence to the documentation requirements identified for Modification Projects
- Knowledge Transfer deliverables

The Contractor is generally meeting its obligations as represented under Statement of Work, Section B (Effective August 1, 2015 through July 31, 2017)-Complete the Baseline PaySR Functionality, however, this work does not appear to be on schedule per the agreement.

Observations/Conclusions

This document clearly articulates the roles and responsibilities of the parties under the 3rd Restated Professional Services Agreement. Attachment 1 (PaySR Baselining Tasks Planned for Fiscal Years 2015-16, 2016-17) provides a list of functionality for both Payroll and Personnel that would represent "completion" of PaySR and PaySR being is steady-state for the City to take on support responsibilities. The intent of the was to provide a "configurable" solution that City personnel could support

and Hess & Associates would support the core code in a more commercial-off-the-shelf system (COTS) model. The agreement addressed two work streams to move PaySR to this steady state: 1) Hardening which would make the system table driven and configurable, and 2) Baselining which would complete the functional requirements for both Payroll and Personnel and complete the development cycle for PaySR.

The activities to Harden and Baseline the PaySR systems have been ongoing but are not on track per the schedule defined in the contract. Delays have been introduced due to the high volume of changes introduced in 2015 due to MOU changes, changes to the salary step program, and ongoing changes in City personnel (primarily due to retirement).

The parties need to resolve the intent of the contract and determine the path forward to 2017 in order to achieve the objectives stated in the contract. The need to support PaySR is not going to go away in the near term and needs to be as effective as possible.

Office of the Controller, PaySR Budget FY 16-17 List of Outstanding Needs

This document shows the list of critical needs for PaySR and was developed to support the 2016-2017 budget request. These needs are being evaluated and prioritized and added into the work queue. The list shows 43 unmet needs (Note: There is no indication of the potential level of effort to resolve the unmet needs.). The critical needs have been grouped into categories:

1. Audit/Control/Transparency of Data
2. MOU Compliance
3. Timekeeping Systems
4. Applications and Systems Interfaces
5. Programming and Quality Assurance/Testing Support
6. Security
7. Training and Documentation

Observations/Conclusions

This document clearly articulates the extent of the change PaySR and the PaySR support environment is experiencing. The level of change has been driven by negotiations (MoU Compliance) and enhanced functionality to make PaySR more flexible/configurable. This level of change is unusual for a mature application and represents the City's requirement to meet the needs of the individual departments as well ensure a stable and supportable Payroll environment. Priority has been given to the MoU Compliance items and as a result many of the other items on the list have taken a lower priority.

The list is a good representation of requirements that the system needs to meet. The list should be formally agreed to and project plans developed to support implementation of the new functionality while continuing to maintain PaySR in production mode.

2016-17 Budget Program Request

This request is a Controller's department request. The request if for adjustments to both staff count and staff levels. The goal of the staffing adjustments is to ensure a strong City team to effectively meet the payroll processing needs and to transition towards replacement of the aging and proprietary current system (PaySR). In summary the request asks for 2 additional resources and categorizes 3 existing positions to more experienced levels. The responsibilities associated with each new or recategorized position are:

Role	Category	Role Description/Requirements
Fiscal Systems Specialist II **(Form41, Time Reporting, Quality Assurance, Testing, Baselining, Documentation, and pending PaySR tasks)**	New	This position will support 42 different MOUs with multiple and complex salary step structures for over 4,400 class codes City-wide, different Tier structures, 7000 plus bonus codes, and many added special payments with complex rules. This position will also support PaySR outstanding tasks, including all remaining Baselining tasks (Per the Agreement Attachment A) and help address some of the numerous unmet needs, challenges and shortcomings. Further, this position will support various testing needs resulting from ongoing hardware and software upgrades and

Role	Category	Role Description/Requirements
		maintenance constantly delayed or placed on hold due to lack of resources.
Senior Management Analyst II **(MOU Management, Documentation, Audit Controls, Overtime and FLSA Monitoring)**	New	This position will interpret, document and prepare MOU requirements for programming, implementation, and ensure PaySR programming aligns with mandated MOUs as well as City's Admin codes, City policies, IRS and governmental rules and laws. Responsibilities will also include creating and managing a comprehensive MOU database, and working with department staff to ensure consistent application of MOU provisions and rules. Position will also be responsible for strengthening controls and implementing and monitoring audit trails to verify and validate transactions such as application of bonuses, variation codes, adjustments, validators, and FLSA rules. This position will also be responsible for providing regular training to the departments, which also have seen a significant drain in knowledge and experience due to retirements. *Currently no staff is available and assigned for these functions.*
Fiscal Systems Specialist 1 to a Fiscal Systems Specialist II **(Pay Calc, Tax, Tax Reporting, Benefits, Retirement Plans)**	Upgrade	This position will manage the Pay Calc (Payroll Calculation} module, which is also the most difficult and comprehensive module in PaySR with over 5,200 pay calculation rules. This position will also be responsible for managing different retirement plans, the new Affordable Care Act reporting

Role	Category	Role Description/Requirements
		requirement, new High Deductible Health Plan, and the new Health Savings Account Plan, and various other Health and Dental benefit plans for over 42,000 employees. This position will also manage the Payroll Tax Accounting Group consisting of Principal Accountant, Sr. Accountant and Accounting Clerk responsible for monthly payroll for retirees, pensioners, payroll tax, tax adjustments, tax reconciliation, creation and generation of yearly W-2s, W-2c, W-4, State and Federal taxes, tax reporting to the State, EDD, IRS, and SSA, retro and special payments.
2 Senior Systems Analyst I positions to 2 Senior Systems Analyst IIs **(Data extraction, reporting tools, open data, interfaces, testing, security, self—service apps, and application support)**	Upgrade	These positions will oversee the technical documentation, perform the review, conduct the analysis, recommend, prepare the technical requirements, and implement systems controls, workflows, and security controls for improvement, modify the existing outdated GAAP reports to include the MOU changes and requirements, provide programming support for Open Data, State reports, Cost Allocation Program reports, ad-hoc reports, California Public Records Requests (CPRA), data extraction, FMS technical support, manage departments' systems interfaces including the new interface requests for Personnel's Employment Verification Services System and the new Pension's Administration System, 400+ vendor interface files, FMS 2.0 upgrade, pending IT upgrades and conversion projects, support for the new self-service app MyPayLA, self-service modules MyPayCheck,

Role	Category	Role Description/Requirements
		MyProfile, MyW4, and MyW2, new development of web access and self-service options/applications for MyMileage, and MyDTime, and intelligent reporting tools.

Observations/Conclusions:

This document clearly articulates the requirements to address the requirement for the Controller Payroll Division to augment the organization necessary to appropriately support Payroll (and PaySR). It allows for increasing the staff size and increasing the experience level/responsibilities of existing roles. This restructuring for skills augmentation will allow the Division to address the backlog of unmet needs, the need to deliver training (required due to staff exits/retirement), and improve documentation.

Given the size of the backlog of unmet needs and ongoing changes for MOU negotiations and other structural changes (e.g., salary step change), the request for "new" staff maybe inadequate and an additional Senior Management Analyst II may be required. Ideally, initial responsibilities of this internal role would be to focus on updating procedural documentation. This would also provide backup for additional retirements anticipated in the next 3 to 5 years.

2016-17 Multi-Departmental Budget Request

This request is a multi-department budget request (ITA, Controller's Office, and Personnel Department). The request is for $835,386 and allocated across the three departments:

ITA request is $513,750 consisting of two components:

1. $400,000 to contract a vendor to:
    - Conduct and assessment of the City's needs for a replacement Payroll system and a centralized Human Resource Management System (HRMS)
    - Document City requirements for a replacement Payroll system and centralized HRMS

- Recommend best practices to consider as part of a move to a new payroll system and HRMS
- Estimate the Cost of Ownership for the City's current payroll and HR processes
- Draft the RFI/RFP(s) which will be used to solicit cost-effective solution(s) for the City's requirements

2. $113,750 to increase Hess & Associates contract limit to:

   - Facilitate knowledge transfer from the PaySR Architect, Bob Hess, to the project team working on gathering requirements for the replacement project.

Controller's request is $240,237 to hire 2 resources to lead the replacement project team and gather business requirements, evaluate business processes, conduct needs assessment and determine future needs for the system.

Personnel's request is $81,399 to hire 1 resource for the role of designated project liaison to ensure that the Personnel Department effectively defines and addresses its system needs as part of the replacement project.

Observations/Conclusions:

The budget request is comprehensive and clearly articulates the needs and the justification for the request.

The scope associated with the ITA request for a vendor (e.g., $400,000) should be reviewed and expanded in detail. The City's environment has numerous complexities to consider when defining the scope (e.g., decentralization based on departments, different departmental needs, highly unionized environment (~45 MoUs), complex workforce (sworn, civilian, seasonal, and part-time)). Depending on the level of detail required for the sourcing (e.g., RFPs) for the new solution the budget estimate may not be sufficient to cover the effort required.

The scope associated with the ITA request also increases the Hess & Associates contract limit to provide for knowledge transfer from the Payroll Architect (Bob Hess). A means to ensure that time is available from Bob Hess to facilitate this knowledge transfer needs to be devised and enforced.

City of Los Angeles Controller, Payroll Division Organization – Update July 29, 2014

This document provides an official reference to the Controller Payroll Division organization, its mission, staff's roles and responsibilities in support of the division's mission, and performance measurement matrix. The document is stored on a shared drive location and is accessible to all Payroll Division Staff. It is intended to be a living document and is planned to be

amended as often as necessary to reflect changes to the organization as well as the responsibilities of division staff. The original draft was prepared February 2012 and the last update was July 2014.

Observations/Conclusions

The document is comprehensive and provides an appropriate amount detail as a reference document for the Controller Payroll Division.

The document is currently out of date and should be updated to reflect the current changes in organization structure.

While the document is targeted at the Controller Payroll Division consideration should be given to using the document to more broadly to communicate roles and responsibilities and to gain/ensure alignment. There are a number of departments involved in the delivery of payroll for the City of Los Angeles, CAO, ITA, Controller and the various organizational departments such as LAPD, Harbor, Fire, etc. cross departmental documentation of roles and responsibilities would allow effective management of end to end payroll process and provide a means to measure performance.

Appendix B: List of Interviewees

As part of data gathering activities, KPMG interviewed the following individuals/ departments. KPMG used a structured questionnaire during the interview process, and performed follow-up interviews where necessary including walkthrough of provided documentation and information flow.

List of Personnel Interviewed	
• Bob Hess & team (IT Contractor managing PaySR) • Andrew Vaughn (Functional Support – Raises, Form41, Bonuses, Variation Codes, Control Tables, Validators, Time reporting, Fire, M-DTime, LAPD, Special Payments, and Security) • Daniel Quach (Ad hoc reporting and Analytics for Payroll and Personnel) • Neil Messano (Functional Support - Payroll Calculation (Paycal), Monthly Payroll, Control Tables, Union Dues, Health/Medical Deduction Codes, Tax reporting, Salary/Retirement Retro, Health/Dental Subsidy Retro, W-2, Retirement for civilian and sworn, related interfaces, tax compliance, tax reporting and GAAP reporting) • Ted Ross, Joyce Edson and Sylvia Bergstrom (ITA Department managing PaySR Infrastructure) • Todd Bouey & team (Financial Reporting) • Rashad Mfume & team (Interface with FMS) • Rosemary Go (PaySR Operations Support) • Diana Ly (Tax Compliance, W-2, and Accounting) • Henry Chisom (Security)	• Linh Vo (Overall PaySR Management and Support) • Vijay Singhal (Project Sponsor and PaySR Owner) • Truc Nguyen & Genise Police (LAPD) • Eleanor Chang, Socorro Gonzalez, Lily Astorga, Harold Fujita (Recreation & Parks) • June Gibson & Cheryl Flemings (Fire) • Michael Sakamoto (General Services Division) • Paula Adams & Emy Arceno (Airport) • Rhonda Uyemura (Harbor) • Farid Saffar (Controller's Audit Division) • Li Shi & Lita Payne (LACERS) • Myo Thedar & Naomi Sukimoto (Pension) • William Weeks (Personnel – Hiring) • Ana Chavez, Linda Quan &Esther Chang (Personnel – Employee Benefits) • Cindi Watkins (contractor) & David Noltemeyer (Workers Comp) • Paul Girard (CAO)

• 11 Errol Griffin (CAO)	• Peter Marx (Chief Technology and Innovative Officer) • City Clerk Office • ITA Programmers (In progress) • Shane Min (Procurement and Contract Management)

Interview Discussion Topics

Interview	
Date	
Name	
Process/Module/Area	
Discussion Topics	
High level overview of responsibilities/role	
How do you interact or use PaySR	
What are some of the challenges/deficiencies/error areas?	
What are areas where the functionality works very well?	
What would you like to see as improved/added functionality?	

What causes you the most work?	
What do you see as high risk areas?	

Appendix C: SOS Ticket Data Analysis

Assumptions and Approach

On March 10, 2016, KPMG received and analyzed a listing of SOS tickets related to PaySR provided by the City Controller. From the 1,195 records provided, KPMG noted 1,142 unique tickets opened during the period: July 1, 2015 through February 29, 2016. KPMG excluded from analysis 338 tickets from the 1,142 unique tickets. KPMG noted these 338 excluded tickets to be generally administrative in nature such as database refresh, password reset for developers, server cloning, etc. As such, KPMG performed analysis over 804 unique SOS tickets opened during the period July 1, 2015 through February 29, 2016.

KPMG assumed that tickets are escalated accordingly from one level to the next among the levels of support. Additionally, no distinction is made in determining what drives the length of time for a ticket to close in addition to programmer time, such as development and testing, spent on a ticket. For example, time to close may include closed business hours such as weekends and wait times for response from requestor.

Observations

Table 1: # of SOS tickets, grouped by when created

	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Grand Total
Grand Total	125	93	121	108	62	79	97	119	804
CLOSED	92	66	102	92	46	62	69	67	596
1st Level Support	51	33	33	27	18	28	36	34	260
2nd Level Support	13	21	32	24	8	14	25	22	159

Table 1: # of SOS tickets, grouped by when created									
	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Grand Total
3rd Level Support	28	12	37	41	20	20	8	11	177
OPEN	33	27	19	16	16	17	28	52	208
1st Level Support	10	13	8	2	0	2	5	21	61
2nd Level Support	19	13	9	11	10	14	17	25	118
3rd Level Support	4	1	2	3	6	1	6	6	29

Notes:
1st Level Support – Payroll Operations
2nd Level Support – Payroll Systems Support and Peripheral Systems Support
3rd Level Support – ITA or Bob Hess team

Table 2: % of SOS tickets, grouped by when created, percentages reflect row totals									
	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Grand Total
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CLOSED	*73.6%*	*71.0%*	*84.3%*	*85.2%*	*74.2%*	*78.5%*	*71.1%*	*56.3%*	*74.1%*
1st Level Support	55.4%	50.0%	32.4%	29.3%	39.1%	45.2%	52.2%	50.7%	43.6%

2nd Level Support	14.1%	31.8%	31.4%	26.1%	17.4%	22.6%	36.2%	32.8%	26.7%
3rd Level Support	30.4%	18.2%	36.3%	44.6%	43.5%	32.3%	11.6%	16.4%	29.7%
OPEN	*26.4%*	*29.0%*	*15.7%*	*14.8%*	*25.8%*	*21.5%*	*28.9%*	*43.7%*	*25.9%*
1st Level Support	30.3%	48.1%	42.1%	12.5%	0.0%	11.8%	17.9%	40.4%	29.3%
2nd Level Support	57.6%	48.1%	47.4%	68.8%	62.5%	82.4%	60.7%	48.1%	56.7%
3rd Level Support	12.1%	3.7%	10.5%	18.8%	37.5%	5.9%	21.4%	11.5%	13.9%

Table 3: Average # of Days to Close

		Month-Year When SOS Ticket Opened								
		Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Grand Total
Level of Support	1st Level Support	45.5	12.3	32.5	33.6	15.1	14.0	8.8	6.4	22.7
	2nd Level Support	39.0	30.3	12.3	11.6	14.5	8.3	13.2	8.6	16.2
	3rd Level Support	38.6	31.8	25.5	24.5	17.2	20.0	16.3	7.0	24.6
	Grand Total	42.5	21.6	23.6	23.8	15.9	14.6	11.3	7.2	21.5

Table 4: # of SOS tickets open by Days Open and Support Level Assigned						
		Days Open				
		0-30	31-60	61-90	90+	Totals
Level of Support	1st Level Support	21	5	2	33	61
	2nd Level Support	25	17	14	62	118
	3rd Level Support	6	6	1	16	29
	Totals	52	28	17	111	208

Comments

As noted in Table 1, an average of 100 SOS tickets are opened during a period of month, ranging from 60 to 125 SOS tickets per month. We noted, that about 74% of SOS tickets are closed for a given month. We additionally noted the lower close rate for February 2016 may reflect the relatively newer age of the tickets in which tickets have yet to be assigned and completed. From the SOS tickets data, of the closed tickets, KPMG observed that 1st level support closes the majority of the tickets. For each support level, KPMG observed the average amount of days to close decrease over time, as illustrated in Table 3. From the tables, KPMG noted that 26% (or 208) of the SOS tickets remain open and that of the open tickets, more than half of the tickets are more than 90 or more days open. Additionally, more than half (118 of 208) of the open tickets are assigned to 2nd level support.

Recommendations

- Determine if older tickets should remain open.
- Continue 1st level support to address the majority of tickets.
- Determine root cause for majority of open tickets remain at 2nd level support.
- Leverage SOS ticketing data for resource allocation, determine user satisfaction, and define measurable help desk performance.

Appendix D: Industry Leading Practice Comparison

This section provides a comprehensive list of industry leading practices for:

1. Time and Attendance
2. Payroll Process(es)
3. Reporting
4. Employee Data Management
5. Technology

The matrix in this section provides industry leading practices across different areas mentioned above, along with the corresponding current state of City of Los Angeles Payroll Processes and PaySR system; and a rating of Low, Medium, High or N/A (see the table below for a description of each rating) of how each industry leading practice/ future state requirement maps to the current City of Los Angeles payroll process and/or the application. It is important to note that this is not an exhaustive list of available leading practices.

In some cases the information about the leading practice was outside the scope of this project. In those cases, the practice is provided for consideration by the City but no commentary or estimate of Match is shown.

The table below provides a description of each Match Rating.

Match Rating (to Industry Leading Practice)			
Low	**Medium**	**High**	**N/A**
PaySR system/ process is a low (minor) level of match to the industry leading practice/ future state requirements	PaySR system/ process is a moderate level of match to the industry leading practice/ future state requirements	PaySR system/ process is a high level of match to the industry leading practice/ future state requirements	Not Applicable – this leading practice may not be applicable for current project/ process

*The City of Los Angeles requirements decision column in the matrix is to be completed by the department. The leadership will need to review each leading practice and future state requirements the rating comments to evaluate if the leading practice will add value to their current business processes and the change be considered part of the system integration project.

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
1	One enterprise-wide Time and Attendance system used for time reporting and leave accurals.	Time & Attendance	Medium	Most departments use D-Time or are moving to its use. However, some departments (e.g., Fire) will continue to use secondary systems to track time and scheduling.	
2	Automated, web enabled time collection tools used to record, calculate and validate time worked	Time & Attendance	Med	There are some parts of the City (e.g., Rec & Park) where access to on-line time capture tools is not available and paper time sheets are used.	
3	Weekly or biweekly time submissions	Time & Attendance	High	Time is submitted by all departments according to a regular schedule	
4	Minimal time entry codes that are standardized across the organization.	Time & Attendance	Low	There are a high number of time codes available to account for all types of time as defined by the various MOUs to document and track compliance with the MOU requirements.	
5	The time and attendance applications are integrated with the HCM system, which serves as the source for all core employee data.	Time and Attendance	High	Time systems are integrated with PaySR	
6	Field managers/supervisors are responsible for accuracy and completeness of a timecard.	Time and Attendance	Medium	Supervisory / management employees have approval resposibility but are not always accountable for accuracy of the time submitted.	
7	Managers/supervisors access for timecards is limited to their own employees records only.	Time and Attendance	Low	Managers/ supervisors need to filter for the divisions/ codes applicable to them. The access management provides limited capability as it relates to access to only related data.	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
8	Time card approval process is automated.	Time and Attendance	Medium	The process is not entirely automated. There are employees who their time manually, on time sheets.	
9	Automated notifications are sent to managers/supervisors with employees who have unapproved time.	Time and Attendance	Unknown	This item was not addressed in data collection	
10	Payroll has the ability to review the number of time cards that are not approved to send alert prior to closing of pay period.	Time and Attendance	Medium	Payroll groups do have the ability to view time cards but the extent to which they send alerts to ensure approvals prior to payroll closing was not explored.	
11	Limited time correction period.	Time and Attendance	Low	Time can be altered indefinitely to address errors, changes to MOUs or corrections to MOU interpretation	
12	Manager and Employee self-service is utlized; employees have capability to enter, edit and validate their own time. Additionally, managers have access to review their employees' work on a daily basis via a web-enabled system, even if they are out of the office.	Time and Attendance	Medium	Most employees can enter time using self-service, and the managers can review/approve time; however, these self service features are not available to all departments.	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
13	Contingency plans in place in the event of a time and attendance system failure	Time and Attendance	Unknown	This item was not addressed in data collection	
14	Employees have the ability to view leave balances online – eliminating need to submit an inquiry.	Payroll	Medium	Balances are availble thought the time entry system and are shown on paychecks	
15	Ability to process end of year rules for leave entitlements (e.g., carryover leave balances).	Payroll	High	PaySR supports the features identified in this leading practice.	
16	Documentation of pay and work rules in a single online repository.	Payroll	Medium	Hard copies of MOUs are maintained by the payroll teams. Shared drives or other online repositories were not identified.	
17	Fully Integrated Payroll and HR systems.	Payroll	High	PaySR acts as both the HRIS and Payroll systems	
18	One payroll system that is used throughout the organization.	Payroll	High	PaySR is used by nearly all City Departments to run payroll.	
19	Payroll adjustments are initiated by employee or the appropriate manager and flow through payroll system	Payroll	Low	Individual payroll adjustments may be initiated by managers or payroll but all are executed by payroll rather than through self-service	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
20	Defined roles and responsibilities for the payroll staff	Payroll	High	Roles and responsibilities are well defined within the payroll team.	
21	Time worked is verified and then posted automatically to payroll system	Payroll	Medium	The current process/application checks if the codes entered are valid (e.g., valid employee or valid time code); however, it doesn't validate the accuracy of the time submitted (e.g., hours worked or cross valdiation of time worked).	
22	Wages, salaries, bonuses, incentives and deductions are calculated automatically based on established rule set	Payroll	High	PaySR supports this leading practice. However, most individual pay actions are driven off unique codes rather than have a single code (e.g., bonus) that triggers specific actions based on MOU.	
23	Integrated Garnishment process that is automated with electronic interfaces to agencies, where possible.	Payroll	Unknown	This item was not addressed in data collection	
24	Manager self service access for supervisors who are able to perform payroll changes.	Payroll	N/A to Low	Managers do not initiate payroll changes. However, the changes they do make that impact payroll (e.g., temporary assignments) are done through the departmental payroll teams rather than through any Manager Self-Service tool.	
25	Employees receive payroll disbursements via direct deposit	Payroll	High	This practice is common across City departments	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
26	Benefits and savings plan deduction payments and activity interfaced with benefits or savings providers from/to the payroll system.	Payroll/ Health & Welfare Administration	High	PaySR interfaces with benefit and other providers (e.g,. Retirement services)	
27	Web-enabled distribution of and access to direct deposit advices.	Payroll	Medium	Employees can view their paycheck information through the time capture system.	
28	Utilize analytical tools and reports for up to the minute information for proactive decision making.	Reporting	High	PaySR has both pre-defined reports and the ability to pull data ad hoc by authorized users. However, detailed knowledge of the data structure and history is required for report accuracy.	
29	A common, integrated data repository utilized for all employee record information	Employee Data Management	Medium	While significant employee information resides in PaySR, manual records are kept by all departments. Additionally, many departments have ancillary systems to house and track additional information that PaySR cannot requiring duplicate data entry.	
30	Self-service based online portal that the employees can use to update employee-owned changes (e.g., births, deaths, change in marital status, change of address, banking details, educational progression and new skill-set acquisition)	Employee Data Management	Low	Changes to employee information are made by the submission of a paper Form 41	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
31	One-time data capture of all changes utilized with automatic update of all affected processes and/or systems	Employee Data Management	Low	Each change requires unique programming by the PaySR contractors to accomplish and/or duplicate data entry into multiple systems (e.g., CRISS)	
32	Online verification of accuracy and completeness performed at point of data capture	Employee Data Management	Medium	There are vaidations built into PaySR but the system does not filter on MOU for data entry purposes so errors are common	
33	Data changes automatically routed to all impacted process owners using the HRMS application.	Employee Data Management	Medium	Some data and data changes are passed to downstream systems.	
34	Manager self-service to update manager only data and/or employee data records allowed by the policies and procedures	Employee Data Management	Low	Changes are made via the submission of a paper Form 41	
35	Electronic signatures used with automated workflow for distributing and approving information changes	Employee Data Management	Low	Form 41 captures approval signatures for information changes.	
36	One-time creation of employee records based upon trigger events (e.g., hire, promote, transfer)	Employee Data Management	Low	PaySR does not interface with an ATS for new record creation. Promotions, transfers, etc. are manually entered.	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
37	Where an image of a document is required, images should be captured of the actual document.	Employee Data Management	Medium	PaySR can recreate the completed Form 41 (absent approval signatures) when needed.	
38	Best practice, as shown by COBIT 5 of ISACA, is to define and manage service levels which includes clarification of support levels and the expected response time guidelines.	Technology	Medium	This limits the ability to track vendor performance and set expectations for users. This also contributes to the CAO office not having enough information to anticipate effort required to implement MOU-related changes.	
39	Delivery of Training and Education on system	Technology - Change Management	Low	General concensus that trainig is no longer offered.	
40	Evaluation of Training Received	Technology – Change Management	Low or N/A	Should be based on user feedback to mitigate risk of innappropriate/ineffctive training and outdated documentation.	
41	Establish Service Desk	Technology	High	City utilizes both SOS tickets and Watch List. Allows for effective and efficient communication and problem resololution Clear ownership of responsbilities between support and requester.	
42	Registration of Customer Queries	Technology	High	Value driven by solving of incidents in a timely manner, adds value via visability to end user, and accoutnability for incident solving	

Number	Leading Practice / Future State Requirements	Component	Match Rating	Rating Comments	City of Los Angeles Requirements Decision*
43	Incident Closure	Technology	Medium	26% SOS tickets remain open	
44	Reporting and Trend Analysis	Technology	Low	Allows for evaluation of service level agreements and timely closure of tickets: bugs/enhancemetns	
45	Technology Architecture – Web Based	Technology	Low	PaySR's current architecture is client-server.	

End of Document