

FACT SHEET

Historical Analysis

The County Board has budgeted resources in 2017 to implement control recommendations from the CLA internal audit study conducted in 2016 and to continue to develop processes that strengthen systems internal controls and mitigate risk. Through process analysis it was identified that the position control and payroll administration functions may be strengthened through increased systems functionality. The recommendation by consultants is that this be addressed as soon as is practicable. *(Refer to attached letter by M. DeVries – Sikich).*

Issue

Risk management and internal controls for payroll administration, position control and employee maintenance need to be strengthened.

Major stakeholders

County employees – direct impact

County Board – assurance that payroll processing and administration are accurate

County taxpayer – assured that systems are adequate to ensure accountability

Goals and objectives

1. Reconfigure the set-up of the payroll system within Alio to take advantage of the systems capabilities to move the processing of payroll to an automated workflow with minimal manipulation / intervention required for the regular processing of payroll. The reconfiguration will occur concurrently with the retention of existing processes to ensure that operations continue. The reconfiguration requires investment to build the organizational capacity.
2. Strengthening the internal control structure for payroll administration through structural segregation of duties.
3. Creating needed capacity for benefit management and payroll administration.
4. Develop the ability for process level control versus manual transaction level approvals.

Policy Alternatives The following alternatives were considered:

	Maintain the status quo / reconfigure base system as time permits.	Hire a consultant to set-up and design system reconfiguration.	Adjust existing FTE's to implement system / process upgrades
Pros:	Does not incur additional cost in real dollars.	Addresses system set-up and reconfiguration.	Allows for segregation of duties, system development and maintenance. Has the potential for future savings – that as of yet are unknown.
Cons:	Due to risk factors this is not a viable alternative. Leaves vulnerabilities unaddressed.	Does not address ongoing system maintenance and does not address the segregation of duties.	Requires additional investment.
	Unknown vulnerabilities and risk factors in payroll administration and potential opportunity for fraud to occur remain unaddressed leaving open an unknown financial impact.	Estimated time to rebuild the system configuration would be approximately 9 months. Consultancy for this type of work is typically billed at \$125 / hour. Estimated fiscal impact: \$195,000	

Financial Analysis and Summary of position changes:

Dept	Position Title	FTE	Salary	FICA 7.65%	WRS Employer 6.80%	Health Insura nce	Life Insura nce	Total
Finance	From Payroll and Benefits Specialist to Payroll Specialist	1.0	No fiscal impact, title change only.					
Finance	Payroll and Benefits Manager (Pay Range R) Step 5	-1.0	69,410	5,310	4,720	20,222	20	(99,681)
Finance	Payroll Administrator (Pay Range M) Step 1	1.0	50,024	3,827	3,402	20,222	20	77,494
HR	Benefits Administrator (Pay Range O)	1.0	69,410	5,310	4,720	20,222	20	99,681
Finance	Fiscal Associate I (open FTE*)	-0.35	12,725	973	865	3,050	20	(17,633)
HR	Administrative Associate IV	0.27	7,935	607	540	20,222	20	29,323

0.92

89,185

Hire in-house staff	
Total change in FTE	0.92
Total Cost	\$89,185

Hire Contract Services	
Hourly Contract rate	\$125
Hours/week	40
Weeks for completion	39
Total Cost	\$195,000

*Remaining .65 was reallocated with the 2017 budget Highway restructure

Policy Recommendation

In order to develop the appropriate internal infrastructure for position control, employee management; and effective payroll and benefit administration it is recommended that the existing position of Payroll and Benefits Manager be eliminated and two separate positions within Finance (Payroll Administrator) and Human Resources (Benefits Administrator) be created. It is also recommended that 0.27 of the vacant position (0.35) Fiscal Associate I (Finance) be reallocated to Human Resources making the existing Administrative Associate IV 1.0 FTE. There will also be a title change from Payroll / Benefit Specialist to Payroll Specialist. The recommendation will allow for necessary system upgrades, allow for retention of institutional systems knowledge, and strengthen the position control functionality in the existing financial system.