

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Policy Session Worksheet

**Presentation Date:** Feb. 26, 2019 **Approx. Start Time:** 10:30 AM **Approx. Length:** 60 min

**Presentation Title:** ERP Strategic Planning

**Department:** Finance & Human Resources

**Presenters:** Michael Jung & Christa Wolfe, Finance; Krista Weatherford & Evelyn Minor-Lawrence, Human Resources

**Other Invitees:** Dave Cummings & Dave Devore, Technology Services

### **WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?**

This is an informational policy session to update the Board on the status of the project evaluating current business processes and the current Enterprise Resource Planning software (ERP). Staff is interested in providing current information and hearing input from the Board.

### **EXECUTIVE SUMMARY:**

Both Finance and Human Resources have undertaken significant effort in evaluating our business processes. In this briefing, staff will provide report on the efforts to date and next steps towards replacing the ERP. The attachments to this worksheet provide background detail.

### **FINANCIAL IMPLICATIONS (current year and ongoing):**

#### Is this item in your current budget?

The next step – cost estimating - is estimated to be \$30-85K for this portion of this project. Funds are not budgeted specifically for this in FY 18/19; however, Finance has significant salary savings due to retirements and vacancies and contingency set aside for software that could be tapped into to fund this one-time cost.

#### What is the cost?

- Cost estimating phase \$30-85K for a consultant to do the analysis, prepare a report, and present the results to county management and the Board.

#### What is the funding source?

County general funds.

### **STRATEGIC PLAN ALIGNMENT:**

This project aligns with two of the Board's five Strategic Priorities:

- Build a strong infrastructure – the cost estimating is to provide data to the Board in anticipation of replacing the outdated ERP from 1999 that no longer appears to meet our business needs.
- Build public trust through good government – we are providing data to the Board so they can make an informed decision.

### **LEGAL/POLICY REQUIREMENTS:**

NA

### **PUBLIC/GOVERNMENTAL PARTICIPATION:**

NA

### **OPTIONS & RECOMMENDATIONS:**

This is primarily an informational session. Project staff encourage input from the Commissioners on all topics.

**ATTACHMENTS:**

1. Attachment 1: Business Process Analysis Project Update
2. Attachment 2: Cover Sheet for Reports
3. Attachment 3: HRPMO Human Resources Business Process Assessment Report
4. Attachment 4: Finance Business Process Assessment Report

**SUBMITTED BY:**

Division Director/Head Approval \_\_\_\_\_

Department Director/Head Approval CBW

County Administrator Approval LSB

For information on this issue or copies of attachments, please contact Christa Bosserman Wolfe @ 503-742-5407.
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# Attachment 1

Finance and Human Resources

## Business Process Analysis Project: Update

February 26, 2019

### Finance and Human Resources:

#### KEY MILESTONES

0. Project Planning
1. Process Analysis and classification
2. Systems analysis and inventory
3. Organizational Review
4. Plan of action and to-be definitions
5. Report results
6. RFQ – Cost Benefit Analysis

- Business Process Analysis reports consolidated
- Presentation
  - Where we have come - > Where we are going
  - Business Process Analysis
  - Next steps

#### PROJECT TEAM

##### Administration

**Laurel Butman**  
Deputy County Administrator

##### Finance

**Christa Wolfe**  
Director, Finance

**Haley Fish**  
Interim Deputy Director, Finance

**Michael Jung**  
Financial Systems Support Analyst

**Tania Sharp**  
Financial Systems Support Analyst

**Matt Westbrook**  
Accountant, Senior

##### Human Resources

**Evelyn Minor-Lawrence**  
Director, Human Resources

**Krista Weatherford**  
HR Business Systems Manager

**Kristine Durham**  
Human Resources Manager, Senior

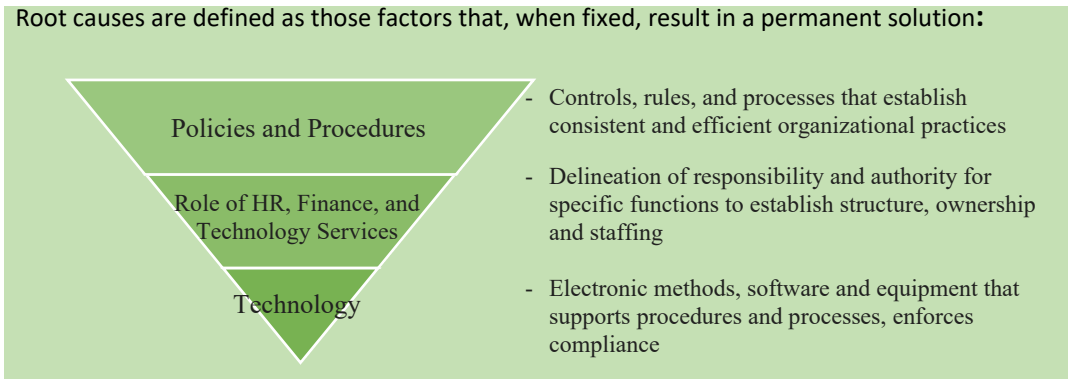
##### Technology Services

**David Cummings**  
Information Services Director

**Dave Devore**  
Information Services Assistant Director

### Business Process Analysis Report

Root causes are defined as those factors that, when fixed, result in a permanent solution:



### Root Causes Identified:



## Additional Information

## Attachment 2: Cover Sheet for Reports

### Recommendations

The two final reports identified systemic and embedded root causes within our organization. It will require significant resources to manage the strategic, tactical, and cultural changes when solutions are implemented to improve and/or eliminate them. Substantial planning and discussions will be required to minimize disruptions to operations and to ensure the issues related to the root causes are resolved.

The reports also included recommendations that impact all three departments: Finance, Human Resources and Technology Services. These are the main categories and recommendations.

### Strategy

- Define Finance, Human Resources and Technology Services roles and authority in the organization
- Engage with other departments – become a strategic business partner. i.e. Performance Clackamas
- Develop a communication plan

### Process and Policies

- Update and implement policies and procedures
- Implement Service Level Agreements where needed
- Create and utilize the cross-functional teams and collaborate with others when examining process and workflows.
- Expand efforts to increase effectiveness of functions and tasks by reviewing processes to reassign or eliminate steps by various individuals to achieve a simplified end-to-end process.

### Integration

- Collaborate with Finance, Human Resources and Technology Services on process and technology solutions
- Take full advantage of integration into the primary system

### System of Record

- Develop a “system of record” roadmap
- Reduce the need for alternate processes, systems, and databases

### Data Governance

- Improve data integrity
- Establish standards of data entry
- Design consistent schedules for all inputs – working within systemic constraints imposed by need – to streamline reconciliation processes and improve data integrity
- Maintain a standard governance policy, and handle exceptions on an as-needed basis

### Automation and Technology

- Maximize the use of technology by creating processes that leverage rules-based processing and eliminate or reduce tasks that must be completed manually
- Implement and align security practices with industry standards and best practices

### Data Analytics and Reporting

- Create tools to provide the data for “Performance Clackamas” and other decision-making activities with accurate data, tracking of metrics, and analytics that are - in part - derived from Finance and Human Resources data to measure relevant areas of performance

## Attachment 3



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# HUMAN RESOURCES BUSINESS PROCESS ASSESSMENT REPORT

JUNE 2018

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Presented by HRP MO Inc.  
Raleigh, North Carolina  
(919) 616-6524 |  
[www.hrpmo.com](http://www.hrpmo.com)

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**PROJECT SPONSORSHIP AND IDENTIFICATION**

<b>CLACKAMAS COUNTY HUMAN RESOURCES BUSINESS PROCESSES ASSESSMENT PROJECT</b>	
Executive Sponsors	Evelyn Minor-Lawrence, Director of Human Resources
Functional Stakeholders	<ul style="list-style-type: none"> <li>• HR Director’s Office / Workforce Data Management               <ul style="list-style-type: none"> <li>○ HR Information Technology</li> <li>○ Personnel Administration / Contracts / Employee Relations</li> <li>○ Onboarding</li> <li>○ Position Management</li> </ul> </li> <li>• Workforce Design               <ul style="list-style-type: none"> <li>○ Classification and Compensation (Including Budget)</li> <li>○ Learning and Training Management</li> <li>○ Recruitment and Applicant Tracking</li> </ul> </li> <li>• Health, Wellness and Safety               <ul style="list-style-type: none"> <li>○ Benefits</li> <li>○ Leave Management</li> <li>○ Wellness</li> </ul> </li> <li>• Payroll               <ul style="list-style-type: none"> <li>○ Payroll</li> <li>○ Timekeeping</li> </ul> </li> </ul>
Project Team	Krista Weatherford, Human Resources Team Lead Kristi Durham, Benefits Manager Kristie Evans, HR/HRMS Strategy Consultant Stephanie Kurak, Business Analyst Esther Ryan, Project Support
Project Manager	Krista Weatherford, Manager, Workforce Data Management
Date Submitted	June 30, 2018



## EXECUTIVE SUMMARY AND RECOMMENDATIONS

### Strategic Alignment

Clackamas County is Oregon's third most populous county and is part of the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area. The County serves a population of 408,000 and has a total area of 1,883 miles, which includes Mount Hood National Forest and Willamette National Forest.

In 2005, Clackamas County became a leader in Oregon government as it became the first county to have four models of governance for its communities. The County continues its commitment to leadership through a county-wide strategic plan based on "Managing for Results" (MFR), an initiative championed by the Government Accounting Standards Board (GASB), and its recognition that the foundations upon which future actions should be built must also include the reporting of nonfinancial performance information, or "service efforts and accomplishments" (SEA) reporting. SEA performance information is embodied in MFR, which has been successful in cities and counties throughout the United States. The County's strategic plan - "Performance Clackamas" – is composed of the various MFR initiatives selected by Clackamas County Commissioners in 2014, after extensive public input.

Since its creation in 1984 by the Financial Accounting Foundation (FAF), GASB has been studying the use of performance management, measurement, and reporting by governments (<https://www.gasb.org/home>). GASB's focus with the SEA project and recommendations for Government include a performance management process that recast planning, budgeting, management, and reporting, in direct relation to what government wants (or is expected) to accomplish. The ideas behind MFR are developed and implemented by starting with the overall goals and aligning each step:

1. First, identify the needs a government is trying to address.
2. Second, develop an overall plan – i.e. a mission, goals, objectives, and strategies - for addressing those needs.
3. Now, develop policies, programs, and services that will facilitate meeting those needs.
4. To ensure quality execution, organize and implement budgeting, accounting, and management systems that support the strategies, goals, and objectives laid out in the overall plan.
5. Finally, develop and track cost and performance data that allow the government to gauge its progress in reaching its goals and objectives; in addition, continuously finetune the strategies, programs, policies, management systems, and budgets when necessary.

In support of Performance Clackamas, Departments developed strategic business plans using the MFR methodology. Initiatives were aligned to the County budget to support the achievement of specific departmental goals beginning in 2018.

### Human Resources Alignment

The strategic mission of the Human Resources Department of Clackamas County is:



***“...to provide employment, benefits and wellness, risk management and workforce planning services to County Departments and Agencies so they can have the resources they need to provide high quality services and achieve their strategic results.”***

Within Human Resources (HR) strategic plan for Performance Clackamas, each line of business listed strategic goals for up to three years - including outputs, demand measures, targeted results and cost / efficiency assessments – that would enable HR to deliver on its mission and support Performance Clackamas.

The HR Department then embarked on an assessment of its infrastructure, processes and tools to evaluate its current state of operations, identify immediate opportunities to improve support of its MFR initiatives, and determine if the infrastructure could support the reporting and analysis necessary to measure progress for the HR Department, as well as support reporting and analysis for other County departments.

The resulting project was the Human Resources Business Processes Review project which assessed business processes and the technology that supports them, especially technology provided by the legacy Enterprise Resource Planning (ERP) system, PeopleSoft V9.2. The deliverables of the project included assessment of the strengths and weaknesses of the Human Resources / Payroll / Timekeeping business processes and technical systems, development of immediate and strategic recommendations, and prioritization of recommendations within potential “transformation roadmaps” for the next three to five years (2018 - 2022), designed to enhance the operational strength of HR’s infrastructure. This project also included assessment of ancillary point solutions, such as Workforce “Timekeeper” and Microniche for Workers’ Compensation, when the point solution is the primary system of record for the function or process.

As good stewards of the public trust, the HR Department recognizes using systems which do not fully support current business requirements and strong management processes result in wasted resources, errors, and increased risks and costs due to manual work and vulnerability to human error in the face of increasing volume and responsibility. Experienced in dealing with workforce performance, HR also knows that performance goals are executed more successfully when processes are streamlined and designed to produce relevant and reliable metrics that measure progress toward targets. The infrastructure of people, processes and technology is critical to tracking, analysis, and continuous feedback to stakeholders to retain engagement of all parties toward the long-term goals. Without a strong framework to track and measure accomplishments toward the goals, fragmentation occurs, communication becomes delayed, engagement of effort lags without feedback and becomes apathetic, and progress suffers.

Knowing the importance of an integrated approach, Human Resources also partnered with the Payroll and Timekeeping functions, though Payroll and Timekeeping Operations are governed by the Finance Department. Payroll and Timekeeping are intimately connected to the efficiency of Human Resources because much of the data and rules required for payroll and timekeeping processing originate in HR. Therefore, Payroll and Timekeeping Operations were included at a high level within the assessment as they heavily impact HR business processes through inputs and outputs, management, leadership, and alignment to the strategic goals of the County.

## **Business Need**

Driven by the “Performance Clackamas” initiative, Clackamas County embarked on an effort to evaluate County operations and the supporting technology provided by its Enterprise Resource Planning (ERP) system – PeopleSoft V9.2 – as well as any other technical solutions used. The goal of the HR Business Process Review Project was assessment of the strengths and weaknesses of the systems used to facilitate HR Operations with the following specific deliverables:

- ✓ Review and assessment of current state business processes to include data gathering, review of existing process documentation and business practices, review of the use of the PeopleSoft ERP system, and assessment of organizational structure and resource alignment.
- ✓ Develop recommendations for process improvement and restructuring, if any, based on current industry best practices to improve consistency, efficiency, and effectiveness.
- ✓ Categorize recommendations by the ability to implement immediately using existing resources, those requiring updated technology, and strategic initiatives.
- ✓ Develop a “roadmap” for planned execution and implementation of improvements.
- ✓ Provide a concentration of the above review steps for Benefits, Leave Management and Wellness functions to develop a deeper assessment of strengths and weaknesses.

In addition, the results of the HR Business Process Review would support achievement of the following strategic goals defined in the HR Strategic Plan:

1. By 2021, County departments will consistently engage Human Resources as a consulting partner early in their decision process.
2. By 2021, 70% of open positions are filled by qualified, diverse candidates within 90 days from the date of requisition.
3. By 2021, 100% of County classifications will be reviewed for alignment with County business needs and market comparability.
4. Beginning with 10% of departments in 2018 and increasing by 10% each year through 2021 (40%), departments will have no increase in their number of Workers’ Compensation claims per employee (FTE).
5. By 2021, Risk Management responsibilities will be included in the classification of all management positions.
6. By 2021, 50% of County departments will have a workforce plan aligned with their strategic business plan.
7. By 2018, for 85 % of filed grievances, managers will respond within the established timelines of collective bargaining agreements.
8. By 2021, 80% of managers/supervisors will conduct performance feedback and develop conversations as measured by an annual survey response.

To ensure objectivity - and access expertise on HR technology - the HR Department engaged an external consulting firm, HRP MO Inc., to conduct the analysis to assess the strength and efficiency of the current state of HR business processes and supporting technology – whether

the technology was provided through the ERP or through an ancillary “point solution” such as Workforce “Timekeeper”.

HRPMO’s study evaluated operational business processes and the technology that supports their execution within each line of business. Lines of Business within HR are defined as follows:

- HR Director’s Office / Workforce Data Management
  - HR Information Technology
  - Onboarding
  - Personnel Administration / Contracts / Employee Relations
  - Position Management
- Workforce Design
  - Classification and Compensation
  - Learning and Training Management
  - Recruitment and Applicant Tracking
- Health, Wellness and Safety
  - Benefits Administration
  - Leave Management
  - Wellness Program
- Payroll (Modules are part of the PeopleSoft HR Suite, but the LOB reports to Finance)
  - Payroll Operations
  - Timekeeping

### **The Problem**

The Human Resources staff is a sophisticated team with capabilities to drive workforce management strategically to support the long term needs and goals of Clackamas County. However, while Payroll functionality has kept pace with the needs of the County, as implemented, – all other PeopleSoft modules fall short of industry standards and of the business requirements of the Human Resources staff and HR operations. Some of the most significant issues include the following:

- Critical processes used to support reporting are constrained by limited functionality, disparate systems, and largely manual processes, exposing the County to increasing risks in reporting accuracy.
- Several major areas of functionality – Recruiting, Onboarding, Benefits, Leave Management, and Wellness – require excessive manual processes dependent on paper, Excel, Word, and redundant data entry to facilitate an end-to-end business process.
- The core Human Resources software – as implemented - has significant limitations with respect to meeting users’ needs. Although this software is supported by the vendor, as implemented, it currently does not support HR operations or strategic executive decision making.
- Due to limitations of automated integration – either because of initial implementation decisions or absence of implementation - certain functions require duplicate data entry and manual reconciliations to ensure data is synchronized across systems accurately.

- Due to lack of fully automated integration, real time data is often not available to users resulting in extensive time to consolidate data from various sources, ensure data integrity, and create business intelligence to support decision making. This prevents timely management decisions and increases risks.
- Self service capabilities are largely unavailable due to functionality, as implemented, and the absence of integrated data.
- Since many HR users' needs are not met by the current systems, users have - by necessity - created many manual processes, "shadow" (non-integrated) systems, and "workarounds" to achieve productivity in their jobs. If this problem was addressed with more robust software, and if related processes are improved, approximately 7,500 hours annually could be redirected to more value-added work.
- Certain processes and systems which are important to the County departments - such as labor distributions that allocate between funds, grants, and projects - are inefficient and extremely vulnerable to error due to dependence on Excel spreadsheets, lack of analytical reporting capabilities, and lack of automation and integration of data.
- Position Management is not fully implemented to support Human Resources functionality because management of Classifications is entirely manual. Enhancing its implementation to use the position record as the system of record - and driver of position related data to employee records - would greatly improve consistency between workforce management in Human Resources and Budgeting Management.

In HRPMO's experience, no technical solution(s) will meet 100% of an organization's needs. However, technology that strongly supports the organization's business requirements will reach a minimum level of approximately 75% functionality.

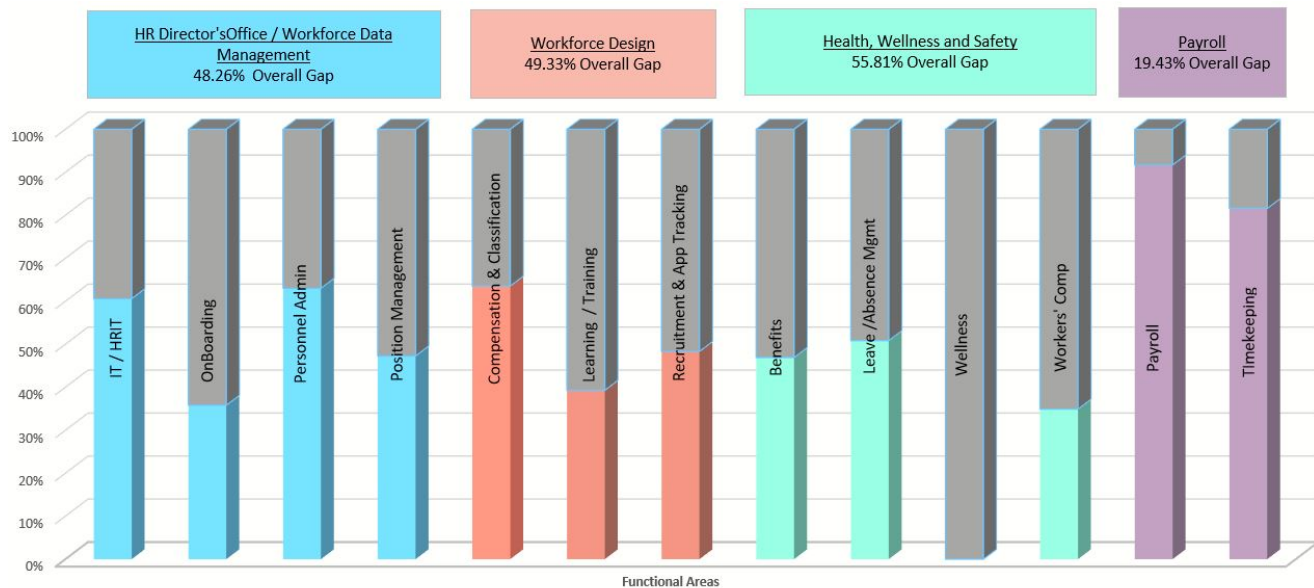
The technology gap analysis chart below provides a graphic representation of the overall support of the technical solutions currently used to support HR Operations based on the results of the Human Resources Business Process Review. By line of business, the gray shaded areas in the chart represent limited or absent technical support for the Line of Business' operational processes. Lack of technical support increases the need for manual processes to accomplish operations, which equates to increased costs in the form of increased labor hours, increased errors, poor reporting, and poor management capabilities – which all translate into decreased efficiency and lost dollars.

Human Resources has program management, cost accounting, and oversight responsibilities for \$158.2 million in Salaries, and approximately \$70 million of the County's budgeted \$106.7 million in Fringe Benefits for FY 2018-19. The tools requested by HR facilitate their ability to manage the programs and processes included in this budget and ensure the County's return on these investments through strong workforce performance, efficient cost/benefit analysis and billing, and effective program management to manage costs. Though departments make their own decisions regarding salaries, HR is responsible for market analysis, coaching for performance, and recruitment to ensure the dollars spent in salaries yield the greatest return for the County. The cost accounting of fringe benefits is heavily dependent upon HR's Health and Wellness Division to manage enrollment, tracking, changes, and vendors, to ensure the cost/benefit ratio remains strong and eliminate waste, which equates to lost dollars. In addition, the County spends \$7.8 million on temporary workers which is not governed through any administrative oversight. Lost dollars are not isolated, then, to extra labor hours in Human Resources, but to constraints in

program management, reporting and analysis, and decision making, which lead to reduced capabilities to maximize the return on investment by serving the County’s workforce and managing costs and spend.

The chart below represents where HR has potential wasted spend by Line of Business. Based on our experience with multiple clients, when the system of record technology sufficiently supports the function, the column shows a maximum of a 25% gap - or gray area. However, only two functions reach this level of support – Payroll and Timekeeping.

**HR Operations Line of Business Technology Gap Analysis**



Technology gaps - such as those represented by the County’s gap analysis above – create limitations in automation and result in the manual processes because there are:

- Limited rules-based processing to automate processes
- Limited integration across modules, point solutions, and tools
- Limited referential integrity to validate data entry and reduce errors
- Limited transactional automation via workflows and self service
- Limited analytical modeling capability to create business and workforce intelligence
- Automated processes and functions that are non-compliant with current regulatory requirements and therefore unusable, requiring replacement with manual processes
- Extensive manual processes, workarounds, and duplicate data entry required to accomplish the end-to-end process
- Excessive validation steps to ensure the Human Resources / Payroll / Timekeeping functions maintain the necessary level of synchronicity, quality, and accuracy





- Data integrity issues due to manual processes resulting in errors in processing and constant reconciliation efforts
- Business processes that have become fragmented, redundant, or unclear
- Fragmented management and governance of people, processes, and technology
- Customized processes
- Slow or delayed end-to-end execution of business processes
- Poor perception and trust by customers and users of the current systems

In context with the budget dollars above, the impact of limited automation and technical strength logically translates into significant dollars at risk. By using a very simple illustration, insight can be derived by multiplying the difference between the minimal functionality at 75% and the current gap with the percentage of an FTE's hours (2,080), with an average \$41/hour rate (an average hourly rate based on the Clackamas workforce). The formula uses the measured gap minus the acceptable gap of 25%. For example, Benefits' gap is measured at 53.07% overall. By subtracting the acceptable gap of 25%, we derive a 28.07% gap that represents inefficiencies and constraints. The formula used to create the estimate is 2080 hours x 28.07% x \$41 = \$23,938. The resulting analysis below provides an example of the potential costs of the gap in excess of 25%, which represents a constraint that equates to inefficient systems and processes:

Business Line	Business Line	Average Hourly Rate	Gap	Gap to Reach 75%	Extrapolated Cost of Inefficiencies	Total Extrapolated Cost of Inefficiencies by LOB
HR Director's Office / Workforce Data Management	HR Information Technology	\$41 / Hour	39.39%	14.39%	\$12,272	\$79,524
	Onboarding	\$41 / Hour	64.18%	39.18%	\$33,413	
	Personnel Administration / Contracts / Employee Relations	\$41 / Hour	36.97%	11.97%	\$10,208	
	Position Mgmt	\$41 / Hour	52.71%	27.71%	\$23,631	
Workforce Design	Classification & Compensation	\$41 / Hour	36.46%	11.46%	\$9,773	\$85,451
	Learning & Training	\$41 / Hour	60.69%	35.69%	\$30,436	
	Recruitment*	\$41 / Hour	49.24%	24.24%	\$20,672	
	Applicant Tracking*	\$41 / Hour	53.81%	28.81%	\$24,569	
Health, Wellness & Safety	Benefits	\$41 / Hour	53.07%	28.07%	\$23,938	\$142,665
	Leave Mgmt	\$41 / Hour	49.14%	24.14%	\$20,587	
	Wellness	\$41 / Hour	100%	75.00%	\$63,960	
	Workers' Compensation	\$41 / Hour	65.08%	40.08%	\$34,180	
Payroll	Payroll	\$41 / Hour	8.28%	0%	\$0	\$0
	Timekeeping	\$41 / Hour	18.40%	0%	\$0	
Total Potential Cost of Current State					\$307,639	\$307,639

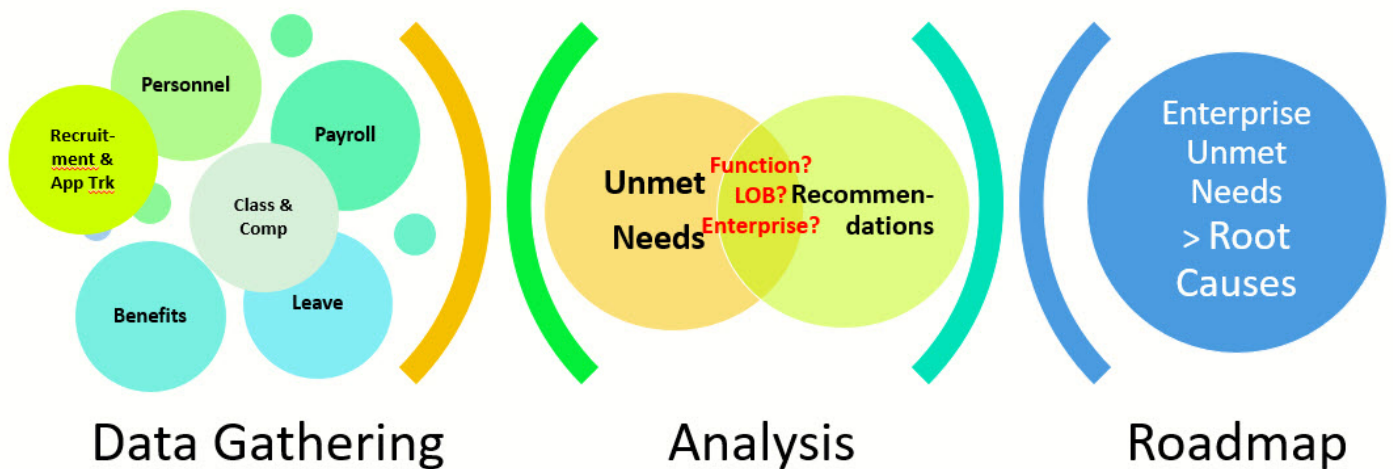
\*Note: In the Technology Gap Analysis, Recruitment and Applicant Tracking are combined because they co-exist in one integrated module. Here, they represented separately because their processes are separate and specific to the function.

By taking the example a step further, \$307,639 equates to 7,500 hours of waste at an average of \$41 per hour – or 3.6 FTEs.

However, labor hours and dollars are the least impactful of the risks – the highest risks are found in the high-volume and high-cost activities that cannot be managed efficiently due to a poor support infrastructure. Improving the technology and processes will change the work from data

entry and reconciliation to data management with analysis that supports efficient business management.

From a process perspective, the study identified unmet needs in each function under every HR Line of Business (LOB). Unmet needs equate to manual and inefficient processes and wasted resources that are often driven by limited technology and inefficient business processes. The study documented the unmet needs using a detailed description of the process element that is ineffective, inefficient, constrained, or manual. Unmet needs identified are then analyzed to categorize them by the scope of their impact. Are they functional needs? Line of business needs? Enterprise needs? The team then developed recommendations to address negative impacts within the context of scope, i.e. function, line of business or enterprise. Recommendations identified as having an enterprise, cross-functional impact typically point to a “root cause” because their impact can be seen in trends and patterns that cross functional and line of business boundaries. Root causes are typically embedded within the organization over time, and changes to a root cause take strategic planning to minimize the impact to operations. The analysis and development of unmet needs and recommendations follows a path somewhat like the graph below:





## **The Results of the HR Business Process Review Project**

The results of the assessment of current state business processes – and the technology that supports them - yielded the following:

- 275 unmet needs across 12 functional areas representing manual processes, insufficient technical support, customizations, lack of workflows, and use of ancillary systems
- 6 primary root causes that are systemic, embedded deeply within the organization, and require significant planning because resolving them will be disruptive to operations. To address a root cause requires significant resources to manage the tactical, strategic and cultural changes when a resolution is implemented to eradicate and/or improve them. *The identification of root causes is the result of aggregating the data gathered across all functions to identify patterns, trends, and repetitive weaknesses that exist regardless of the specific functional area or the specific technology in use.*

The process of identifying recommendations begins with the functional assessment – for example, an assessment of Benefits or Classification & Compensation - to identify tactical and operational opportunities to improve efficiencies. The operational recommendations were aggregated for consideration from a “functional” perspective to produce strategic recommendations by considering the commonalities and patterns. The patterns are assessed to determine if the problem is technical, process, skills or competencies - or a combination of all. The aggregate review of operational recommendations yields strategic recommendations that – though they require planning – are foundational to improving the operations across all functions for Human Resources and produce an “action plan” for the Department.

The HR Business Process Review Project yielded:

- 53 operational recommendations that can impact a specific tactical process or functional area and can be implemented with minimal cross functional integration and disruption
- 12 strategic recommendations that can produce long-term benefits and efficiencies - but require planning - because they are cross functional and have “ripple-out” impacts that impact other processes in other functional areas. The strategic recommendations cannot be considered within a Line of Business context, as they cross boundaries; but they can be considered the suggested “Action Plan” for HR.

In the table below, the number of unmet needs and recommendations identified through the study are detailed by function and line of business. Recommendations typically address more than one unmet need, which is why they are developed before the root causes are identified. *It is the development of the strategic recommendations that identify root causes, i.e. an organizational dysfunction that is deeply embedded in the organization and that – if not addressed – will recreate inefficiencies or prevent hard-won efficiencies from taking hold. Root causes have typically evolved over time and what once worked very well, now operates as a constraint in today’s business environment.*

Following are three charts providing more detail:

- Line of Business Unmet Needs & Recommendations - provides a breakdown of the number of unmet needs and recommendations by Line of Business
- Root Causes – provides a description of the root causes identified in the Human Resources Business Process Review Project



- Strategic Recommendations for Human Resources – provides the strategic recommendations with their primary focus that constitute HR’s “action plan”

Finally, all recommendations and their analysis are provided in detail in the embedded Excel workbook “Clackamas Paths\_Risks\_Change\_Impacts\_KPIs\_Charts” in the Appendix.

Line of Business Unmet Needs & Recommendations

Line of Business	Function	Per Function # of Unmet Needs	Per Function # of Recommendations	Per LOB
HR Director’s Office / Workforce Data Mgmt	HR Information Technology	6	2	13
	Personnel Administration / Contracts / Employee Relations	16	6	
	Onboarding	9	2	
	Position Management	17	3	
Workforce Design	Classification & Compensation	18	5	12
	Learning & Training Mgmt	23	4	
	Recruitment & Applicant Tracking	28	3	
Health, Wellness, and Safety	Benefits	41	8	18
	Leave Management	49	5	
	Wellness	25	5	
Payroll	Payroll	35	6	10
	Timekeeping	8	4	
		275	53	53

### System of Record

- Initial configuration decisions emphasized Payroll functionality to the detriment of functionality for related processes and creating an ever-increasing constraint on the County's ability to automate and leverage technology.
- There is no "master" system of record designated to manage data for Human Resources because of the absence of functionality creating a risk exposure that continues to escalate

### Data Governance

- The County's has a culture of accommodation evidenced by efforts to support multiple stakeholders – both internal and external – through programs, policies and customization.
- The culture constrains the County's ability to govern data, create consistency and data integrity, and produce management reporting that support Manage For Results.

### Integration

- Though the HR Suite is integrated, configuration decisions during implementation have hampered the County's ability to leverage the integration evidenced by a multitude of manual processes, shadow systems and constant audits and reconciliations.

### Automation

- The County has been reluctant to fully embrace automation. Many processes – for example, within the customization of the Recruitment module of PeopleSoft – have continued to use multiple manual steps to complete.
- Self-service is not fully available to employees and managers, reducing the ability to create further automation of forms and processes and proliferating the dependence on manual audits and reconciliations to strive for data integrity.

### Program Management

- Managing for Results initiatives include organizing and implementing budgeting, accounting, and Management Systems that support the strategies, goals, and objectives of a government's plan AND developing and tracking costs and performance data. The County is not currently capable of using MFR methodologies for its internal Human Resources costs.
- Many HR functions and programs operate with insufficient technology, resources and processes to manage the complexity and volume representing significant areas of insufficient management, too much waste and higher risks.

### Business Processes

- Many business processes continue to rely on manual processes, semi-automation, disparate systems, audits and reconciliations.
- There is evidence that processes are overly complex, excessively accommodating, and lack standardization and governance to improve efficiency and reliability.



### HR Department Strategic Recommendations

Rec #	Primary Focus	Strategic Systemic HR Recommendations
S-1	Strategy	Create a cross functional transformation team to work consistently across functional borders to achieve a higher rate of efficiency and data integrity, and champion the changes needed to prepare the County for Performance Clackamas.
S-2	Strategy	Engage Human Resources and other stakeholders in Divisions and Departments in a transformation project, to prepare Human Resources Operations – including Payroll and Timekeeping – holistically to become best in class in support of the County’s strategic plan for the future.
S-3	Strategy	<p>Though PeopleSoft’s Payroll module performs payroll tasks sufficiently well as implemented, it is important to recognize that it does not serve related functions equally well. In fact, of the thirteen (13) Human Resources functional areas evaluated, Payroll is the only function with a technical gap lower than 25% - an average standard based on HRPMO’s experience with multiple clients that indicates strong technical support of business requirements.</p> <p>The County should re-implement the Payroll module with the intent to reduce and/or eliminate areas where processes have developed to manage data around the Payroll module’s constraints. Software and process constraints of PeopleSoft design should be re-evaluated to determine how to reduce - or eliminate - process inefficiencies cross-functionally, so Payroll can serve the organization through strong payroll processing, but also serve its other customers - departments, managers, and reporting - through stronger data management, integration and automation. Re-design of processes or software configuration will enhance the value of PeopleSoft cross functionality and extend the life of the software system and its ability to support the County’s business requirements.</p>
S-4	Integration	Re-evaluate the functionality provided by PeopleSoft HR to identify opportunities to enhance and leverage automation and integration capabilities to support HR, Payroll and Timekeeping.
S-5	System of Record	Develop a “system of record” roadmap, i.e. a plan to improve data integrity, leverage integration and achieve minimal “systems of record”, ideally achieving only one system of record to improve data integrity and reduce reconciliation efforts.
S-6	Data Governance	Establish standards of data entry to reduce errors, normalize data across multiple data entry points, and implement rules-based processing when available to reduce errors.



S-7	<b>Data Governance</b>	Design a standardization and governance policy – in collaboration with Human Resources and other stakeholders in Divisions and Departments – that reduces variations in forms, workflows, and timing, to improve data management.
S-8	<b>Governance</b>	Invest proactively in greater security and realignment of their security protocols to best practices - such as adherence to role-based security that is attached to a position rather than a person, and disaster recovery that includes redundancy in non-County owned/operated storage facilities, or non-local facilities. Data breaches and hackers are increasingly targeting the public sector and cybersecurity is becoming more critical; however, the County's technology is vulnerable due to limited resources and maintenance.
S-9	<b>Business Processes</b>	Review processes to eliminate steps and touches by various individuals and potentially achieve a simplified end-to-end process. Setting a department wide goal of ten steps or less – or a similar measure – would support "Performance Clackamas" and the County's goal of improvement in efficiency.
S-10	<b>Automation</b>	Leverage the use of its technology by creating processes that leverage rules-based processing and eliminate or reduce processes that must be completed manually. By pushing the automation of processes using rules and employee groups, the County can change the paradigm from 30% automated / 70% manual to 80% automated / 10% corrections - IF the system does not produce accurate results / 10% manual for those processes that cannot be automated.
S-11	<b>Automation</b>	Design consistent schedules for all inputs – working within systemic constraints imposed by <b>need</b> – to streamline reconciliation processes and improve data integrity.
S-12	<b>Performance Clackamas</b>	<p>The County's "Performance Clackamas" initiative requires data, tracking of metrics, and analytics that are - in part - derived from Payroll and Human Resources data, in order to measure some areas of performance. However, the business intelligence and reporting cannot be produced without integrated, cross-functional technology and business processes, and the ability to report on results across the enterprise to gauge the success of initiatives. The County is constrained in multiple ways - by limited, disparate technology, data integrity, multiple systems of record, an insufficient data governance structure to standardize data entry and processes across the organization, limited ability to produce reliable reporting and/or analysis, and inability to track activity across the organization and provide insight into the success metrics of "Performance Clackamas" initiative.</p> <p>The County needs to include enhancement of internal performance in its "Performance Clackamas" initiative as part of County performance in management, and re-engineer and enhance their management processes to improve efficiency, consistency, and stronger customer service to internal constituents and their workforce.</p>





## HR Operations Transformation Roadmap Options

To reduce wasted spend and improve operations, organizations must address all three legs of the “operational” stool – people, processes and technology. The HR Business Process Review has focused on two of those legs – processes and technology. The review helps the County’s HR Department understand their strengths and weaknesses and develop a “roadmap” toward improved performance that is aligned with Performance Clackamas.

However, organizations often struggle to identify the most practical path forward to address process and technology needs. In today’s business environment, process improvement must be supported by technology; however, technology evaluations can be daunting. There are multiple solutions in the marketplace. Much of the language of technology can be very foreign to the typical business user, the investment is significant and can reach millions of dollars, and once the contract is signed – for good or ill – the decision is often in place for at least 5-10 years. As a result, it is prudent and pragmatic for an organization to endeavor to gain as much insight as possible - through research and consulting expertise – before they make a technology decision.

When developing a path, in this case a technology roadmap, there are basic decisions that must be made in the beginning that establish a foundation upon which future decisions will be based. The foundation creates a framework to build upon and leverages strengths and capabilities as each phase of the roadmap is executed. Having a technology roadmap helps ensure resources are leveraged and decision-making is integrated and holistic and ensure - especially considering the expense involved in technology decisions - an organization maximizes its resources and funding and gains the best long-term return on its investment. Consequently, choosing the path and developing an implementation aligned with the roadmap - though requiring more analysis in the early stages of the project - is the most advantageous way to maximize the results of technology decisions.

It is very common for an organization to use a “blend” of solutions to meet their business requirements. There is seldom one solution that meets all needs well - and any path may include more than one solution. However, the greatest advantage is gained by having an underlying approach and governance that drives the design of the technology path in every instance.

Three paths commonly used are Enterprise, Outsourcing, and Best of Breed. For Clackamas County, these three paths have been evaluated by the project team and customized to reflect the paths which have the best organizational fit. The Enterprise path has been divided into two scenarios - “Enterprise – Status Quo with Increased Staffing” and “Enterprise – Re-Implementation”. The path of Outsourcing has been eliminated due to recent research that revealed its inability to meet the County’s more complex needs. The Best of Breed path has already been used to meet the County’s Timekeeping needs and, therefore, is also a potential path.

It is also important to recognize that the County always has the option to “do nothing”, or maintain the status quo with little to no changes. However, considering the issues and concerns that have driven the need for this project, this option would be problematic, short-lived and would not support Performance Clackamas. For this reason, we have eliminated a path that does not involve any change.

The description of the three (3) best fits for the County’s technology path are detailed below:



<p>Path A – Enterprise: Maintain Status Quo of PeopleSoft HR with Increased Staffing</p>	<p>Leverage Oracle products and the familiarity and vendor relationship already in place with Oracle Corporation. Maintain the “status quo” with changes to business processes and technology already owned to explore and enhance functionality of technology already in place; implement data governance rules and methods; enhance PeopleSoft HR system through additional modules - or implementation of more functionality; and increase staffing to support business requirements without significant additional technology by right-sizing staffing and competencies based on recognition of constraints.</p>
<p>Path B – Enterprise: Reimplementation of PeopleSoft HR Suite</p>	<p>Leverage the functionality available through PeopleSoft HR through re-implementation of the PeopleSoft Enterprise Resource Planning (ERP) system including re-design of the General Ledger to streamline the account management structure, reduce redundancies, and support stronger integration across all technical solutions with right sizing of staffing and competencies; reduce cumbersome configurations, and re-configure processes to improve cross-functional support of improved business processes</p>
<p>Path C – Best of Breed Point Solutions</p>	<p>This path follows the “best of breed” practice that the County has used in Timekeeping by exploring point solutions to provide specific functionality for the most technically challenged functions by gradually conducting a vendor selection process for each function that meets the requirements. It should also be noted that - for Human Resources – there are point solutions that are specifically HR-focused and independent of an ERP system. These solutions are interfaced with the ERP to achieve integration. Many options exist for implementation, such as leveraging point solutions purchased separately, implementing in a phased approach and integrating with the existing PeopleSoft ERP to achieve a systemic approach to data management that would designate multiple systems of record based on functionality; further maximize the solution through improved business processes and right sizing of staffing and competencies.</p> <p>Under this definition, the enterprise solutions of Paths A/B could also potentially provide a HRMS solution that is best of breed – though it is worth noting that enterprise systems commonly excel in financial management above all else.</p>





## Evaluations of Business Impacts of Each Path

There is no perfect solution or right answer. Each path carries its own set of strategic goals, challenges, change management issues, and resource demands. The right path is the path that is the best organizational fit for the County - within its current environment of time, resources, and budget. *This project has been focused, however, on processes and current technology; therefore, it is important to remember that hard numbers have not been quantified.* The experience with multiple projects brought by HRPMO's team of experts helps substantiate our hypothetical internal cost analysis, but a roadmap cost analysis was not in scope for this project.

The root causes identified in this assessment impact all the County's potential roadmaps. Therefore, each roadmap must be considered in the context of the County's mission, estimated costs, timing, organizational change impacts, and risks. On the charts below, the HRPMO team has attempted to represent our assessment of these factors, based on our experience with multiple clients and our new understanding of the County's current culture and readiness for change.

### **Risk Assessment**

Risks are incremental, and some risks can be tolerated while others can stall a project entirely. In the chart below, we have attempted to consider risks that may impact the HR Transformation Project, based on the roadmap chosen. It is important to note that minimum risks do not translate into maximum value. Details of the analysis are provided on Page 44.

<b>Risk Assessment (Risk Rating 0 = Low / 3 = Highest)</b>		<b><u>Path A</u> Enterprise "As Is" w/ Increased Staffing</b>	<b><u>Path B</u> Reimplementation of PeopleSoft</b>	<b><u>Path C</u> Leverage "Best of Breed" Point Solutions</b>
	<b>Average Scores</b>			
1	Stakeholder/Customer Risk	2.20	2.40	3.00
2	Contract Risk	1.80	2.20	2.40
3	Project Schedule Risk	2.46	2.54	2.42
4	Project Duration Risk	2.67	2.67	2.67
5	Project Complexity Risk	3.00	3.00	3.00
4	Project Management Risk	2.00	2.33	2.33
5	Project Procurement Risk	2.33	1.00	2.67
6	Cost Sensitivity Risk	2.17	2.17	2.00
7	Cultural / Organizational Risk	2.63	2.63	2.63
8	Security Risk	3.00	3.00	3.00
9	Technical Risk	2.83	2.83	3.00
	<b>Aggregate Average</b>	<b>2.48</b>	<b>2.58</b>	<b>2.64</b>



### Organizational Change Impacts

Below are grades given for Organizational Change Impacts.

*It's important to remember the differences between Organizational Change Impacts and Risk Impacts. The value of weight given to Risks is negative, i.e. the higher the risk on a scale of 0-3, the greater concern for the County. However, the Organizational Change Impact from the path can be either positive or negative, depending on the context of the result and its impact on the County's goals. For example, no change may seem like the more desirable path – but from a performance perspective – no change represents the same amount of risk as other paths.*

The process of listing the impacts and weighting them is an exercise in mitigation – to ensure that the County is aware of these impacts and can plan for them. For details on the reasoning for the grade on various impacts, please refer to the full Organizational Change Impact Chart located on Page 49.

Organizational Change Impacts Impact Rating 0 = Low / 3 = High		Path A Enterprise "As Is" w/ Increased Staffing	Path B Reimplementation of PeopleSoft	Path C Leverage "Best of Breed" Point Solutions
1	Infrastructure/Technology	1.00	2.67	2.78
2	Organizational Culture	2.00	3.00	3.00
3	Business Process	1.20	3.00	3.00
4	Organizational Structure & Facilities	.50	3.00	3.00
<b>Aggregate Average</b>		<b>1.14</b>	<b>2.81</b>	<b>2.88</b>

Organizational Change impacts are rated high due to the pervasiveness of HR's impact throughout the County. Changing these business processes will impact every function – every employee is a potential stakeholder.



### Consolidated Assessment of Paths

Finally, all assessment measurements were combined to create an overall representation of the three potential roadmaps and compare scores.

Assessment Criteria	<u>Path A</u> Status Quo w/ Increased Staffing	<u>Path B</u> Re-Implementation of PeopleSoft	<u>Path C</u> Best of Breed Solutions
Aggregate Score: Highest Positive Number = Highest Positive Impact.			
Integration with Current PeopleSoft	<b>3</b>	<b>3</b>	<b>2</b>
Functionality	<b>1</b>	<b>3</b>	<b>3</b>
Estimate of Software Costs (Inverse Score)	<b>3</b>	<b>2</b>	<b>1</b>
Estimate of Implementation Costs (Inverse Score)	<b>3</b>	<b>2</b>	<b>2</b>
Timeline	<b>3</b>	<b>2</b>	<b>1</b>
Risk Assessment	<b>(2.48)</b>	<b>(2.58)</b>	<b>(2.64)</b>
Organizational Change Impacts	<b>1.14</b>	<b>2.81</b>	<b>2.88</b>
Long Term Resources	<b>(3)</b>	<b>(1)</b>	<b>(1)</b>
<b>Aggregate Score</b>	<b>8.66</b>	<b>11.23</b>	<b>8.24</b>

The above scope criteria chart attempts to capture a holistic snapshot of all criteria considered in comparing the roadmaps available to the County. Assumptions related to the above chart include:

- Integration values assigned are based on HRPMO’s experience with multiple clients and software projects, research with vendors, and information technology professionals. The highest value of “3” signifies stronger integration with values of 2 and 1 indicating decreased strength and/or ease.
- Functionality values assigned are based on experience with multiple HRMS projects and vendor research. The highest value of “3” signifies the strongest “best of breed” functionality, with 2 and 1 indicating decreased functionality and integration.
- Software cost values are based on HRPMO’s experience with multiple HR software assessment projects and are assigned with the highest costs graded at “1” and the lowest costs graded at “3”.
- Implementation costs are estimated based on HRPMO’s experience with multiple research assessments and actual implementations. Again, cost values are assigned with the highest costs graded at “1” and the lowest costs graded at “3”.
- Values in Risks and Organizational Impact are directly from the individual chart values.



- Long term resources have been evaluated based on the impact of the Path to increase staffing to maintain quality outputs for the County with “1” being the lowest impact and “3” being the highest impact.

Many organizations evaluate whether to consider purchases from the position of scope and whether to purchase HR Only, HR/PR only and HR/PR/Timekeeping. Based on multiple discussions with IT professionals and vendors regarding the best solution, in many instances, it is a matter of opinion and available resources. Finance professionals tend to advocate against separating Human Resources from Payroll and Timekeeping. IT professionals basically have the position that anything can be accomplished if you have the resources and the time to ensure success.

### **Conclusion**

The Human Resources Business Processes Review Project for Clackamas County identified systemic root causes negatively impacting the capabilities - in people, processes and technology - of HR Operations to meet the County's business requirements. Furthermore, the County's current point solutions – while an improvement over functionality provided through the current configuration of the PeopleSoft HR system – do not improve the efficiency of the overall "system" of Human Resources, Payroll and Timekeeping, but actually create inefficiencies in many areas.

In addition, the current configuration of skills, business processes, and technology does not have the maturity to support future growth of the County or its strategic plan, inhibits efficient cost containment and fiscal management, and makes the County vulnerable to errors and waste because of poor data management, inconsistent governance, and extensive manual processes. From a financial perspective, the PeopleSoft ERP is more efficient than the point solutions; however, it has not been fully tested in a holistically integrated environment that leverages cross functional business processes, self-service, and automation.



## **Our Recommendation**

With this report, the County has a foundation of information to evaluate its options and an understanding of the root causes of the issues. There are many variables that can influence each path, its results, and its ability to change the current state of technology – and these variables can escalate costs. However, based on our analysis of all available information, it is our recommendation that Clackamas County pursue a phased approach to HR Operations Transformation that includes re-designing the General Ledger Chart of Accounts and re-implementation of PeopleSoft Payroll and Human Resources modules.

Re-implementation of PeopleSoft HR leverages software that is already in place which should reduce the impact of software costs. The primary resources will be devoted to re-configuration and re-design of processes, workflows, and interfaces.

In addition, a phased approach - if supported through strong project management and risk mitigation - would gradually move the County from an infrastructure that is still heavily dependent on manual processes to an infrastructure that increasingly leverages technical automation. ***However, shifting from manual to technical is a core shift in an organization's enterprise paradigm and cannot be achieved overnight.***

If insufficient attention is given to current state issues and Path A is chosen, only limited progress will be made, risks will escalate and impact the County's mission, and limited change will take place. Progress will be constrained by the absence of technology to support better processes and the County will struggle to achieve success with Performance Clackamas. The County can make progress by choosing Path A, but this is a very short-term solution because there is insufficient technical support for even the County's current state of operations. When performance becomes acutely constrained again, and the County embarks on a full replacement of its current system, any gains made on Path A will have to be reassessed and redesigned, and progress made on Path A will be lost. At best, it is our assessment that the County may only gain 1-2 years of improvement – if that – from Path A.

***For the best long-term value,***

***Path B – Reimplementation of PeopleSoft HR – is the most advantageous.***

***This decision aligns with Performance Clackamas, leverages existing assets, and creates the longest-term value for the organization while preventing a continuation of management that is breaking down and increasing risks.***

In the sections following the Executive Summary, we provide the details of our project approach, the results, and the full list of recommendations and reasoning behind our analysis and conclusions that resulted in our final recommendation. At the end of the report, the appendices provide the functional current state reports, gap analyses, recommendations spreadsheet, a glossary of terms to facilitate translation of some of the more technical language in this report, and a list of research sources used.



# **Human Resources Business Processes Review and Assessment**

## **Project Approach and Details**



## **Project Approach**

### **Project Background**

In 1999, Clackamas County implemented PeopleSoft Enterprise Resource Planning (ERP) system to replace a mainframe system that had been in operation for many years. As with most mainframe systems at the time, the legacy system in 1999 did not have the functionality to process transactions dated in the year 2000 and beyond and change was critical. The primary focus of the project was to achieve implementation in order to crossover to the year 2000 and maintain operations – especially the ability to produce payroll checks for the County’s employees. However, the implementation team was constrained by time and resources causing deferral of some design decisions in order to meet critical deadlines.

The PeopleSoft HR Suite has been in place with the County since that time, has been continuously upgraded when required and is now on PeopleSoft v9.2. However, as the County has grown in size and complexity, as implemented, the PeopleSoft HR system has not kept pace with the County’s business requirements to manage HR operations. In addition, the County has embarked on an initiative to improve its organizational performance through a county-wide strategic plan based on “Managing for Results” (MFR), an initiative championed by the Government Accounting Standards Board (GASB) and its recognition that the foundations upon which future actions should be built must also include the reporting of nonfinancial performance information, or “service efforts and accomplishments” (SEA) reporting. SEA performance information is embodied in MFR, which has been successful in cities and counties throughout the United States. The County’s strategic plan - “Performance Clackamas” – is composed of the various MFR initiatives selected by Clackamas County Commissioners in 2014, after extensive public input.

In support of Performance Clackamas, Departments developed strategic business plans using the MFR methodology. Initiatives were aligned to the County budget to support the achievement of specific departmental goals beginning in 2018. Within Human Resources (HR) strategic plan for Performance Clackamas, each line of business listed strategic goals for up to three years - including outputs, demand measures, targeted results and cost / efficiency assessments – that would enable HR to deliver on its mission and support Performance Clackamas.

The HR Department then embarked on an assessment of its infrastructure, processes and tools to evaluate its current state of operations, identify immediate opportunities to improve support of its MFR initiatives, and determine if the infrastructure could support the reporting and analysis necessary to measure progress for the HR Department, as well as support reporting and analysis for other County departments. To evaluate the current state of HR Operations and HR’s ability to execute its strategic plan, as well as to consider opportunities and solutions to improve business processes and operations of HR, Payroll and Timekeeping, the HR Department contracted with HRPMO Inc. in January 2018 to execute this project.

HRPMO Inc. is a woman-owned company specializing in transformation-oriented projects. HRPMO’s methodology combines industry standards of business, gap, and cost/benefit analysis with organizational development, change management, project management and subject matter expertise through management consultants that have experience as internal executives as well as external experience on multiple client engagements. Our signature approach provides an assessment that can be applied to any group of business processes, operations, and/or technical systems to produce a holistic evaluation of a function on many levels including:

- Staffing, workforce optimization, skills, competencies, and scalability.





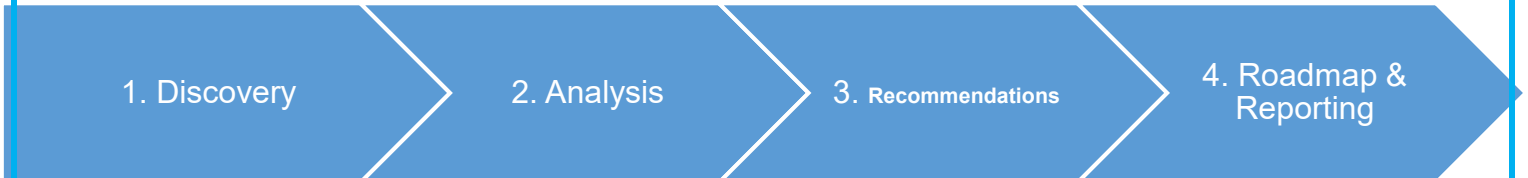
- Business processes, workflows, documentation, reporting, and stakeholder service.
- Technology, data management, integration, and IT maintenance.

To ensure the quality of the output of this report, HRPMO's team included business consultants who provided insight into HR, Payroll, and Timekeeping Operations to increase the level of functional subject matter expertise. Finally, HRPMO structures the project on a formal project management infrastructure with tasks, milestones, and deliverables and to further ensure quality, payments are generated only after milestones are delivered and approved by the County.

This Business Report serves as the final deliverable and milestone. Within this report, the results of the collaboration between the team of HRPMO consultants and the Clackamas County project team are provided including the results of the assessment, recommendations, and optional paths forward to improve HR Operations – i.e. your HR Operations Transformation Roadmap - and its alignment with the County's mission and goals.

### **Project Initiation**

HRPMO's approach for this project proceeded through four (4) basic phases.



Each phase builds on the prior phase to increase the strength of the analysis and the County's knowledge and understanding. Through the progressive phases, the current state of operations is documented and risks, weaknesses, and opportunities for improvement are analyzed. The results are a holistic diagnosis of systems and operations that yields operational and strategic recommendations for the most advantageous and pragmatic path forward for the County.

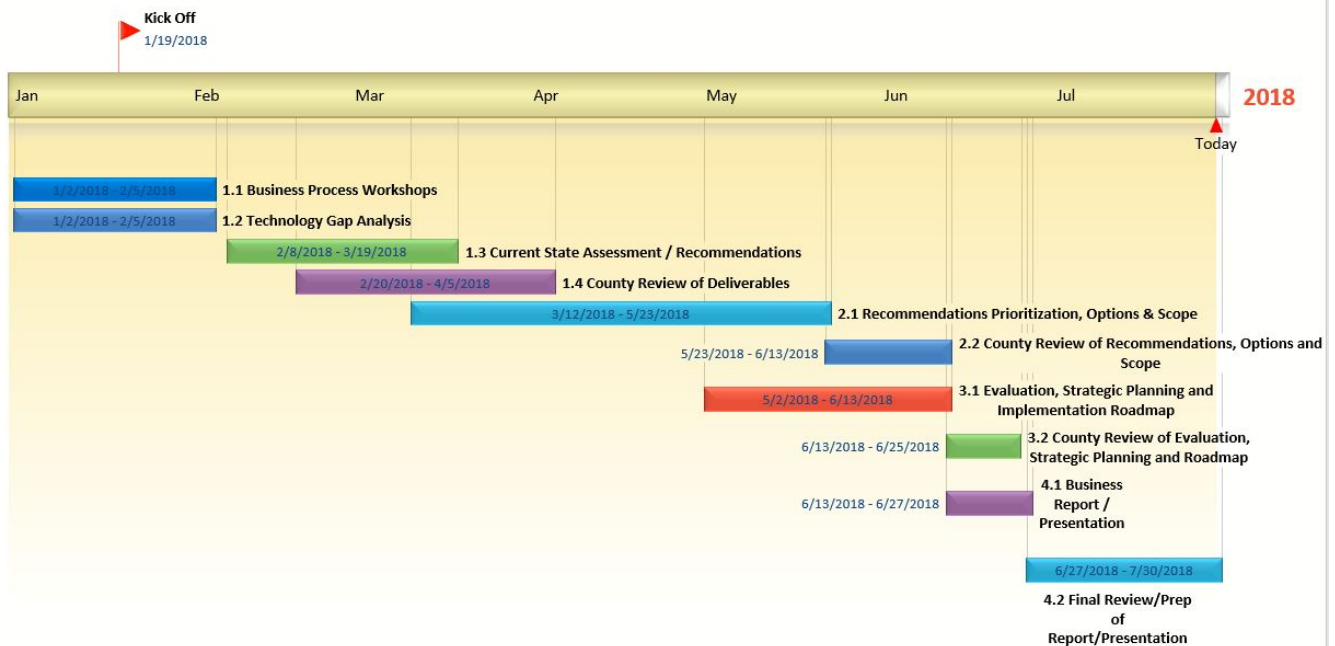
The project begins with initiation to prepare the infrastructure of the project and ensure it is clearly defined including the scope of process areas under review, the estimated timeline, and the expected milestones and deliverables. The following functional areas were identified within scope, including a concentration on the areas within the Health, Wellness and Safety Line of Business:

- HR Director's Office / Workforce Data Management
  - HR Information Technology
  - Onboarding
  - Personnel Administration / Contracts / Employee Relations
  - Position Management
- Workforce Design
  - Classification and Compensation
  - Learning and Training Management
  - Recruitment and Applicant Tracking
- Health, Wellness and Safety – Concentration Area
  - Benefits Administration



- Leave Management
- Wellness Program
- Workers' Compensation
- Payroll (Modules are part of the PeopleSoft HR Suite, but the LOB reports to Finance)
  - Payroll Operations
  - Timekeeping

Project Initiation also establishes the project sponsors, subject matter experts from each functional area, the internal Project Manager, and sets expectations to ensure the project proceeds as smoothly as possible. The timeline of the HR Business Process Review is provided below:



Deliverables for this project included:

- ✓ Review and assessment of current state business processes to include data gathering, review of existing process documentation and business practices
- ✓ Review of the use of the PeopleSoft HR system, and assessment of organizational structure and resource alignment.
- ✓ Development of recommendations for process improvement and restructuring, if any, based on current industry best practices to improve consistency, efficiency, and effectiveness
- ✓ Categorization of recommendations by the ability to implement immediately using existing resources, those requiring updated technology, and strategic initiatives
- ✓ Development of a recommended “roadmap” for planned execution and implementation of improvements.

This business report consolidates all findings of the assessment project and provides the recommendations and analysis results within the context of the recommended “roadmap”.



## **Phase 1 - Discovery**

With the infrastructure in place, the assessment project proceeds into Phase 1 – Discovery - the data gathering phase - beginning with interaction with the stakeholders through a series of functional and technical workshops and evaluation of the current state of “processes and systems” in a business process context. The goal was to document “descriptively” via a written narrative how the work is accomplished, who is involved in the process, and how efficiently the work is done based on results and labor hours. The work was then evaluated in a technical context to develop business requirements for the desired future state of Human Resources Operations, Payroll and Timekeeping and define how HR, Payroll and Timekeeping technology needs to support the future state of County HR Operations.

HRPMO’s methodology replaces the use of individual interviews for process mapping with stakeholder workshops. We have found workshops create a collaborative environment among stakeholders, and facilitate discussion and disclosure providing an excellent catalyst for dialogue and design of best practices for the organization. In the Discovery Phase, the HRPMO team used functional workshops to engage stakeholders relevant to the function. For example, in the Recruitment and Applicant Tracking workshop, all personnel within the Recruitment and Applicant Tracking functions were invited as well as stakeholders within HR that impacted inputs to processes or were impacted by outcomes. In the workshop, attendees learn about their vision for the future state and how work is integrated across functional areas, beginning the change management process by facilitating an environment of dialogue, respect and collaboration.

A workshop was conducted for each functional HR area to gather stakeholders together to discuss and document the end-to-end business processes. The discussion begins by gathering statistical data such as volume levels of activities, customers, changes, complexity of business processes and payroll cycles and schedules, etc. The description of the business processes is documented in a descriptive narrative report by the HRPMO team, then reviewed by County stakeholders to ensure its accuracy. The end result is a narrative description of the entire end-to-end business processes for each functional area, identification of immediate opportunities for improvement, and documentation for future state transformation.

Our workshop methodology proceeded through the following stages:

**Stage #1** – HRPMO’s Consultants reviewed any existing documentation of systems and processes remotely before visiting the County to conduct the workshops. This familiarized us with your business operations as we prepared for the workshops.

**Stage #2** – HRPMO’s Consultant(s) conducted workshops on site with stakeholders using a questionnaire template to guide the discussion. The workshop discussion allows HRPMO’s team a thorough picture of current processes, responsibilities, inputs and controls for each line of business and functional area. HRPMO consultants facilitated the workshops to ensure objectivity and comparative knowledge, then review the final business processes and narratives to ensure we have a strong foundation of knowledge to begin identifying immediate opportunities and recommendations. Attendees of the workshops



vary to ensure only the stakeholders needed are present and the demands on the County's personnel are minimized.

**Stage #3** – HRPMO's Consultants edited, synthesized and analyzed the data gathered on the current state of HR Operations. Where there were discrepancies or lack of clarity, HRPMO conducted additional interviews or discussions with stakeholders to clarify understanding and ensure current state documentation was completely accurate.

**Stage #4** – HRPMO's Consultants conducted individual interviews as necessary to enhance documentation and assessment of key process areas as identified by the County including concentrated discussions with the staff of the Health, Wellness and Safety Line of Business.

**Stage #5** – Documentation of the current state of HR Operations was provided in written form to the County's team for review. These reports document the current state of HR Operations, immediate opportunities to improve operational efficiency, and are the foundation for the next phase – Analysis – to identify unmet needs. (Notes and process documentation are provided as attachments within the Appendices of this Business Report.)

The Technical Gap Analysis

The Technical Gap Analysis is accomplished by using a series of questions developed for each functional area that specifically focus on a "technical" transaction and how the software supports the transaction. Each functional area has a worksheet that is customized to transactions normally occurring within that function – Timekeeping transactions, Benefits transactions, Recruitment transactions, etc. Though there may be some overlap – such as between Timekeeping and Leave and Absence Management – it is minimal.

Again, workshops are used and the attendees answer each question by reaching a consensus that rates the software's functionality. The rating varies from 0-3 and the same scale is used for both the current state and the future state – with slightly different meanings as the chart below details.

<u>Current State</u>		<u>Future State</u>	
0	Not Needed, Not Available, Not Implemented	0	Not Needed
1	Minimal Need, Low Functionality, Poor Functionality	1	Low Priority
2	Medium Functionality, Functionality is average,	2	Medium Priority
3	Works Very Well, Strong Functionality	3	High Priority, Critical

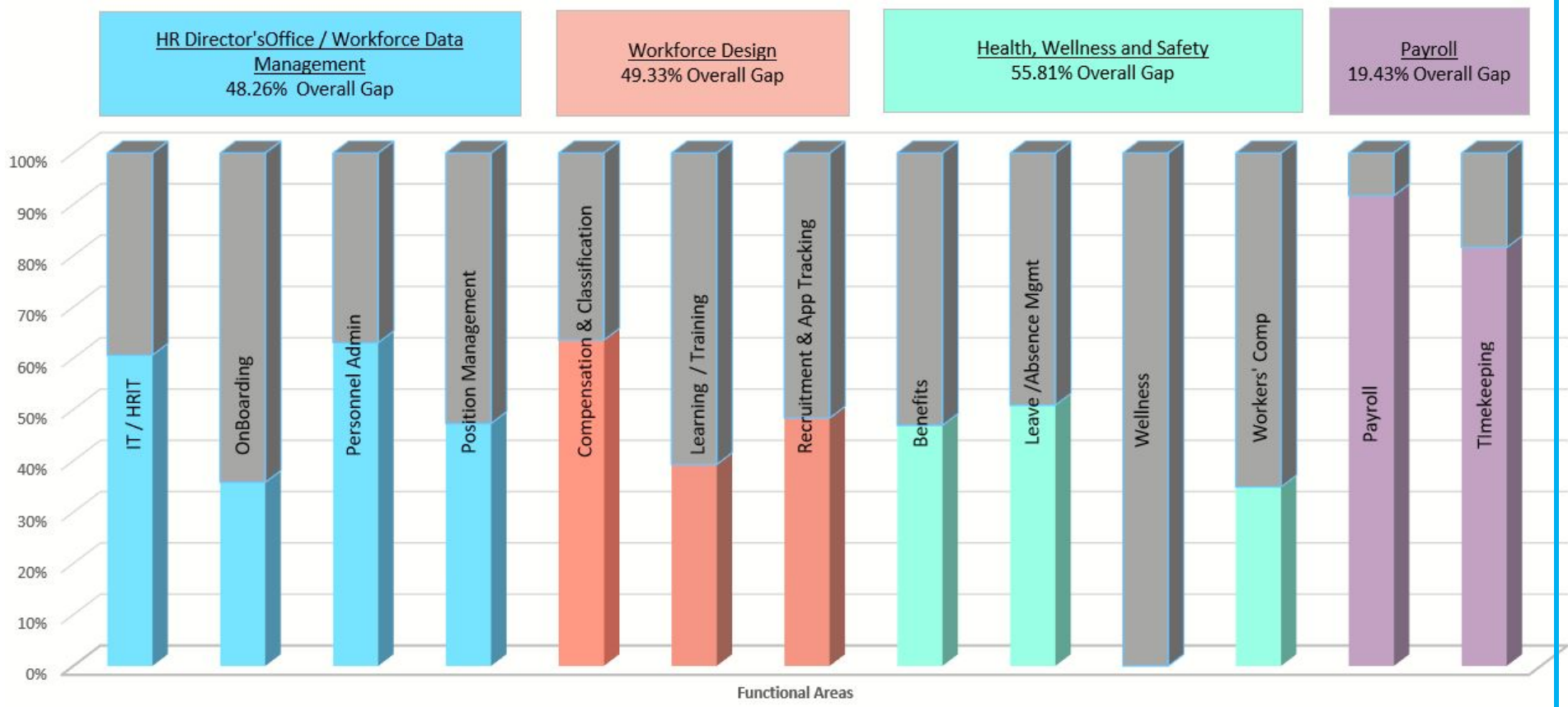


Though the current state meaning can vary, it is given context by the future state score. It is the difference between the current state score and the future state score that measures the “technical gap” between the current support legacy technology provides business processes and operations and the business requirements (the future state scores) of the organization, i.e. what the organization actually needs to operate efficiently. The chart below details the number of questions evaluated for each functional area, the measurements resulting from the gap analysis workshops and the numerical calculation to achieve the gap measurement. The second graph translates the gap measured into a gray area for each function.



Functional Line of Business Details of Technical Gap Analysis

	Functional Area	Number of Requirements	Current PeopleSoft Functionality	Current Functionality of Point Solution of WFS or MicroNiche	Current Combined Functionality (P8 + Point Solution of WFS or MicroNiche)	Minimal Future State Functionality to Meet Baseline Business Requirements	Optimal Future State Functionality to Meet Business Performance (Critical/Weighted)	Current State Functionality as % of Baseline Business Requirements (Graph)	Current State Functionality as % of Optimal Business Requirements (Critical/Weighted)	Gap in Baseline Business Performance (Graph)	Gap in Optimal Business Performance
<b>Line of Business: HR Director's Office / Workforce Data Mgmt</b>											
1	HR Information Technology	219	1,758	N/A	1,758	2,901	3,091	60.61%	56.85%	39.39%	43.11%
2	Onboarding	23	1,043	N/A	1,043	2,913	3,109	35.82%	33.57%	64.18%	66.43%
3	Personnel Administration	197	1,824	N/A	1,824	2,893	3,114	63.03%	58.57%	36.97%	41.43%
4	Position Management	100	1,271	N/A	1,271	2,688	2,865	47.29%	44.36%	52.71%	55.64%
	<b>LOB Total: HR Director's Office Workforce Data Management</b>	<b>539</b>	<b>1,474</b>	<b>N/A</b>	<b>1,474</b>	<b>2,849</b>	<b>3,044</b>	<b>51.74%</b>	<b>48.42%</b>	<b>48.26%</b>	<b>51.58%</b>
<b>Workforce Design</b>											
5	Classification & Compensation	34	1,794	N/A	1,794	2,824	3,029	63.54%	59.22%	36.46%	40.78%
6	Learning & Training Mgmt	75	1,046	N/A	1,046	2,662	2,785	39.31%	37.57%	60.69%	62.43%
7	Recruitment & App Tracking	142	1,256	N/A	1,256	2,599	2,751	48.34%	45.67%	51.66%	54.33%
	<b>LOB Total: Workforce Design</b>	<b>251</b>	<b>1,365</b>	<b>N/A</b>	<b>1,365</b>	<b>2,695</b>	<b>2,855</b>	<b>50.67%</b>	<b>47.83%</b>	<b>49.33%</b>	<b>52.17%</b>
<b>Health, Wellness and Safety</b>											
8	Benefits	280	1,359	1,556	1,370	2,919	3,146	46.93%	43.54%	53.07%	56.46%
9	Leave / Absence Mgmt	39	0.615	1,333	1,513	2,974	3,218	50.86%	47.01%	49.14%	52.99%
10	Wellness	0	0.000	0.000	0.000	0.000	0.000	100%	0%	100%	0%
11	Workers' Compensation	22	0.000	1,048	1,048	3,000	3,250	34.92%	32.23%	65.08%	67.77%
	<b>LOB Total: Health, Wellness and Safety</b>	<b>341</b>	<b>0.494</b>	<b>0.984</b>	<b>0.983</b>	<b>2,223</b>	<b>2,404</b>	<b>44.19%</b>	<b>40.88%</b>	<b>55.81%</b>	<b>59.12%</b>
<b>Payroll</b>											
12	Payroll	176	2,612	1,127	2,736	2,982	3,226	91.72%	84.76%	8.28%	15.22%
13	Timekeeping	67	0.051	2,254	2,254	2,763	2,966	81.60%	76.00%	18.40%	24.00%
	<b>LOB Total: Payroll</b>	<b>243</b>	<b>1.331</b>	<b>1.691</b>	<b>2.495</b>	<b>2.873</b>	<b>3.096</b>	<b>86.85%</b>	<b>80.57%</b>	<b>13.15%</b>	<b>19.43%</b>
	<b>Totals and System Averages</b>	<b>1374</b>	<b>1.166</b>	<b>1.337</b>	<b>1.579</b>	<b>2.660</b>	<b>2.850</b>	<b>59.37%</b>	<b>55.42%</b>	<b>40.63%</b>	<b>44.58%</b>
										<b>40.63%</b>	<b>44.58%</b>



Through multiple client engagements, HRP MO has consistently documented that when software performs well and meets sufficient business requirements for the organization, the gap is 25% or less. The graph above illustrates that only Payroll and Timekeeping are operating with less than a 25% gap; all other HR functions are constrained by limited technology.





## **Phase 2 - Analysis**

The Discovery Phase of the project yields a great deal of information and in Phase 2, the analysis of this information begins by working through the following steps:

1. The process workshops have revealed areas where work is executed manually, processes are inefficient, redundant, and unreliable. Manual processes represent unmet needs for technology and data integrity.
2. The Technology Gap Analysis has provided a numerical measurement of the effectiveness of the technology in its support of business processes. By answering specific questions about how data and transactions are processed, gaps in technology are revealed and the resulting measurement represents where technology is not integrated, has insufficient functionality, or is not designed or implemented sufficiently.
3. By comparing the narrative descriptions of business processes against best practices across multiple experiences – then correlating it to the results of the technical gap analysis – unmet needs are validated and compared across functional areas to again reveal trends, patterns and redundancies that are functionally specific and those that cross functional boundaries.
4. Finally, root causes begin to reveal themselves – causes that are deep within the organization – and impact multiple, cross-functional operations.
5. With the understanding and documentation of business processes and root causes, recommendations are developed at various levels of complexity – functional, line of business, and strategic – to provide a “guide” to re-calibrating HR / Payroll / Timekeeping operations.
6. Additional analysis is often performed at this stage to determine the “cost” of the current state in preparation for a cost/benefit analysis. Knowing the cost of the current state is an important factor to consider when selecting the potential path forward and calculating a return on that investment. Selection of a path with insufficient resources to achieve execution and implementation is money wasted. The path must be within reach financially, as well as from a technical and organizational perspective. In the section below, a basic cost analysis is developed by extrapolating from the results of the gap analysis.



### Cost / Benefit Analysis

Technology gaps - such as those represented by the County's gap analysis – create limitations in automation and result in the manual processes. Manual processes require more labor to execute and audit to maintain data integrity.

While a full cost/benefit analysis was not in scope within the HR Business Process Review Project, HRPMO was able to extrapolate potential costs of the technical gap using the gap analysis measurements as a foundation. By using a very simple illustration, insight can be derived by multiplying the difference between the minimal functionality at 75% and the current gap with an FTE's hours (2,080) to create an approximate number of hours dedicated to manual processes and then multiplying it with an average \$41/hour rate (an average hourly rate based on the Clackamas workforce). The formula uses the measured gap minus the acceptable gap of 25%. For example, Benefits' gap is measured at 53.07% overall. By subtracting the acceptable gap of 25%, we derive a 28.07% gap that represents inefficiencies and constraints. The formula used to create the estimate is 2080 hours x 28.07% x \$41 = \$23,938. The resulting analysis below provides an example of the potential costs of the gap in excess of 25%, which represents a constraint that equates to inefficient systems and processes:

The results in the chart below provide a glimpse into the potential magnitude of costs associated with inefficiencies and risks.

Business Line	Business Line	Average Hourly Rate	Gap	Gap to Reach 75%	Extrapolated Cost of Inefficiencies	Total Extrapolated Cost of Inefficiencies by LOB
HR Director's Office / Workforce Data Management	HR Information Technology	\$41 / Hour	39.39%	14.39%	\$12,272	\$79,524
	Onboarding	\$41 / Hour	64.18%	39.18%	\$33,413	
	Personnel Administration / Contracts / Employee Relations	\$41 / Hour	36.97%	11.97%	\$10,208	
	Position Mgmt	\$41 / Hour	52.71%	27.71%	\$23,631	
Workforce Design	Classification & Compensation	\$41 / Hour	36.46%	11.46%	\$9,773	\$85,451
	Learning & Training	\$41 / Hour	60.69%	35.69%	\$30,436	
	Recruitment*	\$41 / Hour	49.24%	24.24%	\$20,672	
	Applicant Tracking*	\$41 / Hour	53.81%	28.81%	\$24,569	
Health, Wellness & Safety	Benefits	\$41 / Hour	53.07%	28.07%	\$23,938	\$142,665
	Leave Mgmt	\$41 / Hour	49.14%	24.14%	\$20,587	
	Wellness	\$41 / Hour	100%	75.00%	\$63,960	
	Workers' Compensation	\$41 / Hour	65.08%	40.08%	\$34,180	
Payroll	Payroll	\$41 / Hour	8.28%	0%	\$0	\$0
	Timekeeping	\$41 / Hour	18.40%	0%	\$0	
Total Potential Cost of Current State					\$307,639	\$307,639

\*Note: In the Technology Gap Analysis, Recruitment and Applicant Tracking are combined because they co-exist in one integrated module. Here, they represented separately because their processes are separate and specific to the function.

By taking the example a step further, \$307,639 equates to 7,500 hours of waste at an average of \$41 per hour – or 3.6 FTEs.



## **Phase 3 – Recommendations**

In Phase 3, all data is considered to begin development of recommendations.

Recommendations will gradually reveal the paths forward and support development of options available to achieve transformation because they identify the organization's needs and support organizing and prioritizing those needs.

### **Unmet Needs, Recommendations, and Results**

Weaknesses, inefficiencies, and risks in operations did not begin that way. They can begin as strengths, enhancements, or practical compromises. Over time, business requirements change and evolve and gradually, the structure that worked very well yesterday becomes burdensome, misaligned and uncalibrated, and provides less and less support to the actual work that now needs to be accomplished. The condition worsens over time until it becomes more important to address the problem than defer it.

Human Resources' customers are composed of employees, management, and the organization. For this project, customer feedback from employees and management was not included in the data so HR could assess the quality of their operations vs. their constraints internally first. The HR Business Process Review armed them with knowledge of their strengths and weaknesses and educated HR on their optional paths to reach an improved future state.

The results of the analysis of HR business processes were

- 275 functional unmet needs across twelve functional areas. The detail of the unmet needs is contained in the "Unmet Needs and Recommendations Report" attached to this final Business Report.
- 6 primary root causes impacting HR Operations at a foundational level- detailed in the Executive Summary
- 53 operational recommendations that are within a Line of Business. Detailed in the "Unmet Needs and Recommendations Report".
- 12 strategic recommendations that can provide a foundation for HR's "Action Plan" for implementation detailed in the Executive Summary.

Unmet needs are the "symptoms" of operational weaknesses in the current state of the County's HR Operations, i.e. an unmet need indicates a business requirement that is not being met. Some will be known, and some may be a surprise. The unmet needs are specific to the functional area analyzed and they are grouped together within each functional area to reveal patterns and issues that are specific to that functional area.

As HRPMO's team works across the functional areas to identify the unmet needs and develop recommendations for them, we cross reference the findings to identify trends, patterns, and redundancies. The patterns are explored more deeply and – eventually - root causes begin to emerge, i.e. organizational constraints that are creating problems in operations in multiple functional lines of business. Typically, there are only a few root causes and for the County, HRPMO identified six (6) primary root causes creating inefficiencies in multiple areas. It is important to identify the root causes because – if the root cause is not addressed - they will replicate inefficiencies eventually no matter what steps are taken. The root causes are identified in the graphic on Page 14.



With the identification of unmet needs, root causes, and functional recommendations, the project team can develop strategic recommendations that suggest how to address the root causes and can provide an “Action Plan” template for the functional teams to implement changes. The strategic recommendations, however, can only go so far toward improvement because a primary influence is the technology that supports the business processes. Without changes to underlying technology where necessary, functional business requirements will continue to be constrained.

The entire Unmet Needs and Recommendations Report is attached to this Business Report in the Appendix. Below is a chart which represents the number of recommendations developed per Line of Business.

Line of Business	Function	Per Function # of Unmet Needs	Per Function # of Recommendations	Per LOB
HR Director’s Office / Workforce Data Mgmt	HR Information Technology	6	2	13
	Personnel Administration / Contracts / Employee Relations	16	6	
	Onboarding	9	2	
	Position Management	17	3	
Workforce Design	Classification & Compensation	18	5	12
	Learning & Training Mgmt	23	4	
	Recruitment & Applicant Tracking	28	3	
Health, Wellness, and Safety	Benefits	41	8	18
	Leave Management	49	5	
	Wellness	25	5	
Payroll	Payroll	35	6	10
	Timekeeping	8	4	
		275	53	53



## **Phase 4 - Roadmap Options and Reporting**

To reduce wasted spend and improve operations, organizations must address all three legs of the “operational” stool – people, processes and technology. The HR Business Process Review has focused on two of those legs – processes and technology. The review helps the County’s HR Department understand their strengths and weaknesses and develop a “roadmap” toward improved performance that is aligned with Performance Clackamas.

However, organizations often struggle to identify the most practical path forward to address process and technology needs. In today’s business environment, process improvement must be supported by technology; but, technology evaluations can be daunting. There are multiple solutions in the marketplace, much of the language of technology can be very foreign to the typical business user, the investment is significant and can reach millions of dollars, and once the contract is signed – for good or ill – the decision is often in place for at least 5-10 years. As a result, it is prudent and pragmatic for an organization to endeavor to gain as much insight as possible - through research and consulting expertise – before they make a technology decision.

When developing a path, in this case a technology roadmap, there are basic decisions that must be made in the beginning that establish a foundation upon which future decisions will be based. The foundation creates a framework to build upon and leverages strengths and capabilities as each phase of the roadmap is executed. Having a technology roadmap helps ensure resources are leveraged and decision making is integrated and holistic and ensure, especially considering the expense involved in technology decisions, an organization maximizes its resources and funding and gains the best long-term return on its investment. Consequently, choosing the path and developing an implementation aligned with the roadmap - though requiring more analysis in the early stages of the project - is the most advantageous way to maximize the results of technology decisions.

It is very common for an organization to use a “blend” of solutions to meet their business requirements. There is seldom one solution that meets all needs well and any path may include more than one solution. However, the greatest advantage is gained by having an underlying approach and governance that drives the design of the technology path in every instance.

Three paths commonly used are Enterprise, Outsourcing, and Best of Breed. For Clackamas County, these three paths have been evaluated by the project team and customized to reflect the paths which have the best organizational fit. The Enterprise path has been divided into two scenarios - “Enterprise – Status Quo with Increased Staffing” and “Enterprise – Re-Implementation”. The path of Outsourcing has been eliminated due to recent research that revealed its inability to meet the County’s more complex needs. The Best of Breed path has already been used to meet the County’s Timekeeping needs and therefore, is also a potential path.

It is also important to recognize that the County always has the option to “do nothing” or maintain the status quo with little to no changes. However, considering the issues and concerns that have driven the need for this project, this option would be problematic, short-lived and would not support Performance Clackamas. For this reason, we have eliminated a path that does not involve any change.

The description of the three (3) best fits for the County’s technology path are detailed below:



<p>Path A – Enterprise: Status Quo with Increased Staffing</p>	<p>Leverage Oracle products and the familiarity and vendor relationship already in place with Oracle Corporation. Maintain the “status quo” with changes to business processes and technology already owned to explore and enhance functionality of technology already in place; implement data governance rules and methods; enhance PeopleSoft ERP system through additional modules or implementation of more functionality; and increasing staffing to support business requirements without significant additional technology by right sizing staffing and competencies based on recognition of constraints.</p>
<p>Path B – Enterprise: Reimplementation of PeopleSoft Enterprise Resource Planning System (ERP)</p>	<p>Leverage the functionality available through PeopleSoft ERP through re-implementation of the system including re-design of the General Ledger to streamline the account management structure, reduce redundancies, and support stronger integration across all technical solutions with right sizing of staffing and competencies; reduce cumbersome configurations, re-configure processes to improve cross-functional support of improved business processes</p>
<p>Path C – Best of Breed Point Solutions</p>	<p>This path follows the “best of breed” practice that the County has used in Timekeeping by exploring point solutions to provide specific functionality for the most technically challenged functions by gradually conducting a vendor selection process for each function that meets the requirements. It should also be noted that - for Human Resources – there are point solutions that are specifically HR focused and independent of an ERP system. These solutions are interfaced with the ERP to achieve integration. Many options exist for implementation such as leveraging point solutions purchased separately, implemented in a phased approach and integrated with the existing PeopleSoft ERP to achieve a systemic approach to data management that would designate multiple systems of record based on functionality; further maximize the solution through improved business processes and right sizing of staffing and competencies.</p> <p>Under this definition, the enterprise solutions of Paths A/B could also potentially provide a HRMS solution that is best of breed – though it is worth noting that enterprise systems commonly excel in financial management above all else.</p>





**Evaluations of Business Impacts of Each Path**

There is no perfect solution or right answer. Each path carries its own set of strategic goals, challenges, change management issues, and resource demands. The right path is the path that is the best organizational fit for the County within its current environment of time, resources, and budget. However, it is important to remember that because of the *process* orientation of this project, hard numbers have not been quantified. The experience with multiple projects brought by HRPMO's team of experts helps substantiate our hypothetical internal cost analysis, but a roadmap cost analysis was not in scope for this project.

The root causes identified in this assessment impact all the County's potential roadmaps. Therefore, each roadmap must be considered in the context of the County's mission, estimated costs, timing, organizational change impacts, and risks.

In the following pages, each of the potential paths for the County described above are assessed for pros and cons, potential risks, and organizational change impacts.

**Pros vs. Cons**

In the tables below, each path is considered individually to assess its ability to meet the County's business requirements and challenges from an "enterprise" perspective. The table questions are identical, but the benefit or risk to each path is unique.

**Path A – Enterprise – Status Quo with Increased Staffing**

No.	Consideration	Pro	Con
1.	Cost: Attractive because of lower risk, organizational change impact and costs	x	
2.	Financial impact: Does not address issues caused by General Ledger structure.		x
3.	Technology Leverage: Limited – technology and its functionality will continue to be too limited to meet the County's needs.		x
4.	Change Impacts on Productivity: Changes will be much more gradual, staff who are comfortable with current state will adjust more easily.	x	
5.	Change Impacts on Departments: Departments will adjust their business processes more easily to gradual change, especially when departmental processes have been customized.	x	
6.	Long Term Benefits: Path will not yield long-term change or significant improvement of performance, short- sighted.		x
7.	Intangible / Internal Costs: Expensive in hidden costs such as poor data management and reporting that result in higher vendor payments.		x
8.	Governance: Current customizations will continue limiting standardization that could improve data integrity and processes. Results in waste due to forgiveness		x



	of payroll deductions because of poor reporting; higher labor costs due to manual processes, reconciliations and audit; less informed decision-making because of poor reporting and data; and inefficient program management and cost analysis due to poor data governance.		
9.	Scalability: Cannot be sustained; strictly a short-term solution as the current configuration is already a constraint on operations.		x
10.	Compliance: Change cannot be easily integrated into operations due to constraints, i.e. business processes cannot be updated for efficiencies and/or new legal requirements cannot be met due to impact on current processes or technical constraints.		x
11.	Performance Clackamas: Cannot support Performance Clackamas because there is no consistent system of record for each function or data governance that would support tracking, metrics, or data analysis.		x
	Total	3	8

Path B – Enterprise – Reimplementation of PeopleSoft Enterprise Resource Planning System

No.	Consideration	Pro	Con
1.	Cost: Higher risk, more disruptive because it is a full enterprise implementation project.		x
2.	Financial impact: Aligns with Financial issues regarding General Ledger and addresses a root cause of difficulties.	x	
3.	Technology Leverage: Allows reconfiguration of already owned modules to leverage their functionality. Oracle may be supportive to retain customer. Maintains integration and increases it.	x	
4.	Change Impacts on Productivity: Staff are already familiar with the PS system and productivity will ramp up faster post implementation.	x	
5.	Change Impacts on Departments: Path would create an interim step toward automation, workflows, data governance, etc. rather than a full jump if the County were to embark on purchasing point solutions to provide functionality.	x	
6.	Long Term Benefits: Re-implementation should establish a new baseline for the County providing relief to constraints and deferring replacement of the system for a significant period of time.	x	
7.	Intangible / Internal Costs: Staff will be impacted by a significant technology project because of business process changes, re-configuration, and design decisions similar to a new technical implementation.		x



8.	Governance: Reconfiguration will allow the County to create stronger rules and policies to govern technical-related decisions such as workflows, data structure, and codes which will be in place from the ground up allowing business processes to be structure with greater data integrity.	x	
9.	Scalability: PeopleSoft currently has a good reputation and continues to be a popular product. Its functionality – if well implemented – should provide the County extended scalability.	x	
10.	Compliance: Changes to the configuration and design of the current PeopleSoft should enable the County to prepare the system to evolve as new regulations are implemented.	x	
11.	Performance Clackamas: Path B is the minimum path available to the County to support Performance Clackamas in its efforts to upgrade operations across the enterprise.	x	
Total		9	2

Path C - Best of Breed Point Solutions

No.	Consideration	Pro	Con
1.	Cost: Higher risk, more disruptive and integration will be a more costly and expansive process which will require stronger IT resources. Can become more of a Cadillac approach as the cost of purchasing and implementing multiple point solutions can result in increased expenses; however, the use of Software as a Service or “SaaS” products has reduced this impact.		x
2.	Financial impact: Offers greater flexibility regarding changes to General Ledger; however, if not corrected, the current GL structure will continue to create issues and additional work.	x	
3.	Technology Leverage: Best of breed solutions will provide the greatest functionality for their specific focus. However, solutions tend to be more rigid and less configurable if they are less expensive; alternatively, a market-leading point solution can provide great flexibility and functionality, but at a higher price. Integration will have to be re-created with the Enterprise system. (This is a 50/50 split on Pro vs. Con. There are considerations on both.)	x	x
4.	Change Impacts on Productivity: Solutions can be implemented in a phased approach using prioritization. However, a phased approach – though it staggers the amount of change – can also stall preventing the County from achieving enough technical change leaving it with sunk costs, but limited functionality.		x



5.	Change Impacts on Departments: Departments will be able to adjust to new configurations and structure more slowly with focuses on specific functionality.	x	
6.	Long Term Benefits: Best of Breed approach establishes a new baseline for the County, but gradually which increases the risk that the County will not achieve sustainability and address root causes.		x
7.	Intangible / Internal Costs: Staff will be impacted by multiple technology projects as each solution is implemented. It will be important to plan effectively to minimize internal costs that result from increased IT staff, poor integration resulting in new manual processes, and re-development of workarounds if root causes are not addressed.		x
8.	Governance: Governance will require design that is “system generic” and “system specific” as each solution will have unique configuration requirements that may or may not translate exactly or easily to other systems where integration is needed. Governance of workflows, data structure, and codes may be constrained by individual point solution requirements.		x
9.	Scalability: Risk is increased as the number of systems to manage and integrate increases. But the County will have greater control to select the solutions it needs as needed. In fact, there is some use of the best of breed path already in the use of Workforce Timekeeper.	x	
10.	Compliance: Point solutions are designed to lead the market and will provide greater functionality as new requirements, regulations, and compliance requirements become necessary.	x	
11.	Performance Clackamas: Path C will require more management as each solution will require configuration to support Performance Clackamas. Integration will be critical.		x
	Total	5	7

The pros vs. cons comparison reveals the following when the paths are compared:

Path	Pros	Cons
A – Enterprise - Status Quo with Increased Staffing	3	8
Path B – Enterprise – Reimplementation of PeopleSoft Enterprise Resource Planning System	9	2
Path C - Best of Breed Point Solutions (One question graded equally on both pros and cons.)	5	7



### Evaluation of Paths for Risk

Risks are unique to a path and are influenced by the decisions the County makes as it executes the path. However, there are qualities of each path that increase or decrease the estimated risks.

To create an evaluation of the path for comparison purposes, HRP MO uses another questionnaire that focuses on risks questions to consider each individual attribute. Then the scores are consolidated to produce a path comparison from a risk perspective. Below is the detailed Risk Assessment Chart.

Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)		Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning
1	0	<b>2.20</b>	<b>2.40</b>	<b>3.00</b>	
1	1	2.00	3.00	3.00	Change Management Strategy/Plan not in place to ensure a smooth transition from the "as is" to the "to be" business operating environment
1	2	1.00	2.00	3.00	Users' inability to operate the new system in order to conduct day-to-day business activities
1	3	3.00	2.00	3.00	Expectation gaps
1	4	3.00	3.00	3.00	Inaccurate data (Human Resources, Payroll, Timekeeping) due to implementation and data conversion errors
1	5	2.00	2.00	3.00	Lack of internal customer buy-in and resistance to change
2	0	<b>1.80</b>	<b>2.20</b>	<b>2.40</b>	
2	1	3.00	3.00	3.00	Contract negotiations between the County and the software vendor could cause project delays
2	2	2.00	3.00	3.00	The County must provide sufficient information and clearly state the scope of work in the Human Resources Systems scope; otherwise, contract change orders could significantly increase the cost of the project.
2	3	2.00	2.00	2.00	Software and Integration Services contracts not adequately negotiated to offer enough remedy and protection for the County.
2	4	1.00	2.00	2.00	Common contracting practices relating to change orders and project scope creep create difficulty in contracting for a firm amount.
2	5	1.00	1.00	2.00	Service level agreement language used in negotiating deliverables, milestones, payments and timelines.



Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)			Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning
3	0	<b>Project Schedule Risk - Aggregate Score</b>	<b>2.46</b>	<b>2.54</b>	<b>2.42</b>	
3	1	Unrealistic timeline	3.00	3.00	3.00	
3	2	Scope of the project is not completely defined	2.00	3.00	2.00	
3	3	Required work is missing	3.00	3.00	3.00	
3	4	Scope creep	2.00	2.00	2.00	
3	5	Confusion among project team members	3.00	3.00	3.00	
3	6	Project delays	3.00	3.00	3.00	
3	7	Project roles are not clearly defined	2.00	2.00	2.00	
3	8	Scope of the project is not properly managed	2.00	2.00	2.00	
3	9	Decision making is not timely enough in the context of project timeline	3.00	3.00	3.00	
3	10	The actual effort may be higher/lower than initially estimated	3.00	3.00	3.00	
3	11	Business requirements are not properly defined	1.00	1.00	1.00	
3	12	Project resources (vendor and key County staff) are not available as planned	2.00	2.00	2.00	
3	13	Vendor juggles resources for other projects/clients	2.00	2.00	2.00	
3	14	Vendor and key County staff might become unavailable due to attritions, reassignments and unplanned leaves	2.00	2.00	2.00	
3	15	Vendor and/or County assign unqualified resources for the job	3.00	3.00	3.00	Vendor needs to recognize the complexity of the County. County needs to recognize that some team members are too tied to the current state and may not make good long term decisions.
3	16	Key County staff need to perform their regular duties in addition to project implementation	3.00	3.00	3.00	County is already short staffed in IT and in Human Resources and over burdened with manual processes which are very labor intensive. A project will further burden current staff.
3	17	Resource and backfill strategy/plan not in place or insufficient	3.00	3.00	3.00	The County has a history of deferment rather than committing the necessary resources.
3	18	Training strategy/plan is not in place or not effective for the business users.	2.00	2.00	2.00	





Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)		Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning
3	19	Technical environments not setup in time. Some of the factors that might cause delays include:			
3	20A	2.00	2.00	2.00	
3	20B	3.00	3.00	3.00	
3	20C	2.00	2.00	2.00	
3	21	3.00	3.00	2.00	
3	22	2.00	3.00	2.00	Familiarity with PeopleSoft may mislead the project team
3	23	3.00	3.00	3.00	The data quality on the source systems is of a poor quality requiring multiple rounds of data migration test runs; thereby leading to a delay in data migration.
4	0	<b>2.67</b>	<b>2.67</b>	<b>2.67</b>	<b>Project Duration Risk - Aggregate Score</b>
4	1	If duration is too long, it could:			
4	1A	3.00	3.00	3.00	*Drive up the cost of the project.
4	1B	3.00	3.00	3.00	*Cause team members to lose project momentum and focus.
4	1C	3.00	3.00	3.00	*Compete with other County initiatives and resources.
4	1D	2.00	2.00	2.00	*Change key project members due to attrition, transfers, or leaves with potential loss of knowledge.
4	1E	3.00	3.00	3.00	*Impact morale of key project members due to heavy workload for the extended period of time.
4	1F	3.00	3.00	3.00	*Increase risk of project being discontinued.
4	1G	2.00	2.00	2.00	*Encounter major software product patches and upgrades which result in increased workload and could impact already completed work.
4	2	If duration is too short:			
4	2A	2.00	2.00	2.00	*Users do not have sufficient time to perform all the necessary system tests.
4	2B	3.00	3.00	3.00	*Fatigue of key project members due to a pressurized pace.
4	2C	2.00	2.00	2.00	*Users are not adequately trained to perform their work.
4	2D	3.00	3.00	3.00	*Loss of productivity as the project requires more focused time
4	2E	3.00	3.00	3.00	*Users may not fully utilize all the functionalities of the new system as time spent on learning and application of knowledge have been decreased.



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HUMAN RESOURCES BUSINESS PROCESS REVIEW & IMPLEMENTATION PROJECT

Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)		Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning		
5	0	<b>Project Complexity Risk - Aggregate Score</b>		<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	
5	1	3.00	3.00	3.00		Team Spirit – The implementation of a new Human Resources/Payroll System, in terms of the number of County employees it will affect, is a large project for the County and maintaining team spirit and cross-functional cooperation and collaboration could be a challenge.	
6	0	<b>Project Management Risk - Aggregate Score</b>		<b>2.00</b>	<b>2.33</b>	<b>2.33</b>	
6	1	1.00	3.00	3.00		The interest and priority of each County function may be different.	
6	2	3.00	3.00	3.00		Lack of centralized chain of commands	
6	3	2.00	2.00	2.00		Forming teams that represent the functional areas across the entire Agency	
6	4	2.00	2.00	2.00		Executive Sponsors not be fully committed to support the program	
6	5	2.00	2.00	2.00		Communication strategy/plan is not in place to manage expectations and change	
6	6	2.00	2.00	2.00		Communication is not effective in managing expectations and gaining buy-in from users, stakeholders and customers	
7	0	<b>Procurement Risk - Aggregate Score</b>		<b>2.33</b>	<b>1.00</b>	<b>2.67</b>	
7	1	1.00	0.00	2.00		The solution selected by the County creates less negotiating leverage in terms of services and support with the incumbent vendor.	
7	2	3.00	1.00	3.00		The number of vendors involved in providing HR technology to the County increases the complexity of managing issues that cross multiple systems, integration, and achieving resolution of issues across vendors.	
7	3	3.00	2.00	3.00		Large gap between the delivery expectations and actual delivery.	
8	0	<b>Cost Sensitivity Risk - Aggregate Score</b>		<b>2.17</b>	<b>2.17</b>	<b>2.00</b>	
8	1	3.00	3.00	2.00		Project funding does not include contingencies. Project contingencies typically account for 10 to 20 percent of implementation services costs.	
8	2	0.00	0.00	0.00		Gap analysis between the County's requirements and the capabilities of the new system not conducted thoroughly, causing delays and additional costs.	
8	3	3.00	3.00	3.00		The cost benefits will not be fully realized until the County has fully implemented more automated business processes.	



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Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)		Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning	
8	4	Scope of the project not clearly identified in an RFP and / or in the contract, causing change orders and delays.	2.00	2.00	2.00	
8	5	The Disaster & Recovery and possible network infrastructure upgrade strategies/plans for the new project are not in place.	2.00	2.00	2.00	
8	6	The County may overlook internal costs associated with the project. These may include hardware, backfilling key positions, additional training, facility costs, recruiting fees, travel associated with additional training, etc.	3.00	3.00	3.00	
9	0	Cultural / Organizational Risk - Aggregate Score	2.63	2.63	2.63	
9	1	Human Resources/Payroll System implementation may introduce the following cultural/organizational changes:				
9	1A	*Redesign and/or combine multiple business processes to leverage the full functionality of the new solution.	3.00	3.00	3.00	
9	1B	*Adding "self-service" functionalities to automate paper-based processes.	3.00	3.00	3.00	
9	1C	*Re-organization of staffing responsibilities due to business process re-engineering	3.00	3.00	3.00	
9	1D	*Shifting of County operations from a centralized to a more decentralized environment or vice versa.	2.00	2.00	2.00	
9	2	Employee Morale				
9	2A	*County may experience higher than usual turnover ratio during implementation	2.00	2.00	2.00	
9	2B	*Transition plans for existing Human Resources/Payroll staff not in place	2.00	2.00	2.00	
9	2C	*Impacted employees' perception of job security	3.00	3.00	3.00	
9	2D	*Additional work load may result in employee fatigue	3.00	3.00	3.00	
10	0	Security Risk - Aggregate Score	3.00	3.00	3.00	
10	1	Web enabled technologies present security risks because they provide users the ability to utilize the system outside of the Agency's firewall. The users may include, but are not limit to, employees, applicants, financial institutions, and vendors.	3.00	3.00	3.00	
	2	The Human Resources/Payroll solution will provide stronger security across a wider range of modules, tables, and access points.	3.00	3.00	3.00	
11	0	Technical Risk - Aggregate Score	2.83	2.83	3.00	
11	1	IT staff's readiness for implementation and support of new technologies	3.00	3.00	3.00	The County's IT staff may be short-staffed to manage project..
11	2	Other projects competing for resources	3.00	3.00	3.00	The County must commit to focusing inward to transform its management capabilities.



Risk Assessment (Risk Rating: 0 = Low / 3 = Highest)			Path A - Enterprise "As Is"	Path B - Enterprise Re- Implementation	Path D - Best of Breed	Reasoning
11	3	Experience higher than usual production support activities during implementation	3.00	3.00	3.00	
11	4	Hiring and transitioning staff to support new technologies	3.00	3.00	3.00	
11	5	Users' adaptability to the new platform and solution	2.00	2.00	3.00	
11	6	Cross platforms data integration may present technical difficulties, i.e. non-relational DBMS vs. relational DBMS, handling complex data sources, legacy data types, electronic data interchange (EDI), electronic funds transfer (EFT) protocols, etc.	3.00	3.00	3.00	
<b>Total Risks Scores / Path</b>			<b>2.48</b>	<b>2.58</b>	<b>2.64</b>	

### Organizational Change Impacts

Organizational Change impacts are rated high due to the pervasiveness of HR's impact throughout the County. Changing these business processes will impact every function – every employee is a potential stakeholder.

Again, a questionnaire methodology is used to attempt to estimate organizational change impacts. The full analysis questionnaire is provided below.

However, it's important to remember the differences between Organizational Change Impacts and Risk Impacts. The value of weight given to Risks is negative, i.e. the higher the risk on a scale of 0-3, the greater concern for the County. However, the Organizational Change Impact from the path can be either positive or negative, depending on the context of the result and its impact on the County's goals. For example, no change may seem like the more desirable path – but from a performance perspective – no change represents the same amount of risk as other paths.

The process of listing the impacts and weighting them is an exercise in mitigation – to ensure that the County is aware of these impacts and can plan for them. Additional details on the reasoning for the grade on various impacts may also be provided in the Comments column.



### Organizational Change Impact Assessment

Organizational Change Impact (Rating 0 = Low / 3 = High)			Path A - Enterprise "As Is"		Path B - Enterprise Re- Implementation		Path D - Best of Breed		Reasoning
			HR	FI	HR	FI	HR	FI	
1	0	<b>Infrastructure/Technology</b>	<b>1.00</b>	<b>1.00</b>	<b>2.67</b>	<b>2.67</b>	<b>2.78</b>	<b>2.78</b>	
1	1	Infrastructure impact:							
1	1A	o Security considerations as more users may be accessing the system from outside of the Agency's firewall	1.00	1.00	3.00	3.00	3.00	3.00	
1	1B	o More users will be added to the system due to the possibility of using additional functionalities, such as employee self-service, on-line recruiting, on-line approval, on-line pay stub distribution, report distributions, mobile access via smartphones or tablets, etc.	1.00	1.00	3.00	3.00	3.00	3.00	As active users increase, terminated users should be purged.
1	1C	o Virtual server technology reduces system downtime, but it may increase the level of complexity to maintain the system.	1.00	1.00	2.00	2.00	1.00	1.00	
1	1D	o Performance tuning – this will involve multiple teams, i.e. Programming, Network Support, Database Administration, and System Engineering.	1.00	1.00	3.00	3.00	3.00	3.00	
1	2	Technology impact - IT Skills							
1	2A	o Shifting from modifications of program source code to an upgraded configuration or SaaS based solution which includes workflows and configuration of functionalities. The roles and skill sets of existing IT staff may need to be changed or upgraded	1.00	1.00	3.00	3.00	3.00	3.00	
1	2B	o More users will be able to create their own reports from a centralized database. This will result in less reliance on the IT Division.	1.00	1.00	3.00	3.00	3.00	3.00	
1	2C	o The process of adding users may become more efficient if they will be created from an Active Server Directory. However, the complexity of security model increases.	1.00	1.00	3.00	3.00	3.00	3.00	
1	3	Employee morale of IT staff							
1	3A	o IT staff supporting the current systems may worry about job security. It is important for management to clearly communicate that the change in technology does not mean a reduction in IT staff. Rather, it means they will be performing different functions.	1.00	1.00	1.00	1.00	3.00	3.00	
1	3B	o Heavy workload during implementation will result in employee fatigue	1.00	1.00	3.00	3.00	3.00	3.00	
2	0	<b>Organizational Culture</b>	<b>1.00</b>	<b>1.00</b>	<b>2.40</b>	<b>2.40</b>	<b>2.60</b>	<b>2.60</b>	
2	1	County operations may shift from being more centralized to decentralization or vice versa. This may create a political impact.	1.00	1.00	3.00	3.00	3.00	3.00	
2	2	The County may experience higher than usual attrition rate during and post implementation	1.00	1.00	3.00	3.00	3.00	3.00	



CLACKAMAS COUNTY  
HUMAN RESOURCES BUSINESS PROCESS REVIEW & IMPLEMENTATION PROJECT

		Organizational Change Impacts	Path A - Enterprise "As Is"		Path B - Enterprise Re-Implementation		Path C - Best of Breed		Comments
			HR	FI	HR	FI	HR	FI	
		(Rating 0 = Low / 3 = High)							
2	3	County employees will have to concurrently adjust to new processes, new governance rules and a new system.	1.00	1.00	3.00	3.00	3.00	3.00	
2	4	Through the use of dashboard technology, more County Executives will be able to have a more active 'hands-on' role in making decisions, without relying on their staff to run reports and perform inquiries.	1.00	1.00	2.00	2.00	3.00	3.00	
2	5	The new technology may facilitate the ability for employees to telecommute from home or perform self-service functions from satellite work locations.	1.00	1.00	1.00	1.00	1.00	1.00	
3	0	<b>Business Process</b>	<b>1.20</b>	<b>1.20</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	
3	1	The 'to be' business processes can be very different from the current state due to:							
3	1A	<ul style="list-style-type: none"> <li>o Process re-engineering as a result of the new HRMS/Payroll/Timekeeping System</li> </ul>	1.00	1.00	3.00	3.00	3.00	3.00	
3	1B	<ul style="list-style-type: none"> <li>o Adoption of new processes for new functionalities and tools, such as workflow, self-service, reporting, imaging, etc.</li> </ul>	1.00	1.00	3.00	3.00	3.00	3.00	
3	2	Business process re-engineering and technology advancement promote a function rich environment, but it might initially cause a learning gap, therefore, a reduction of productivity.	1.00	1.00	3.00	3.00	3.00	3.00	
3	3	Roles and responsibilities may change as a result of the business process re-engineering	1.00	1.00	3.00	3.00	3.00	3.00	
3	4	New policies and procedures will need to be created and communicated to manage new business processes.	2.00	2.00	3.00	3.00	3.00	3.00	
4	0	<b>Organizational Structure</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	
4	1	The organizational structure may require some adjustment to align responsibilities with the new system. This is especially true for the Human Resources Department as the fundamental underlining technology will be changed and reduce time required to manage manual and inefficient processes.	2.00	2.00	3.00	3.00	3.00	3.00	
5	0	<b>Facilities</b>	<b>0.50</b>	<b>0.50</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	
5	1	Training facilities with network connections and workstations will be required for classroom training, project meetings, conference room pilot, and system testing during project implementation as well as on-going and new staff training post project implementation.	1.00	1.00	3.00	3.00	3.00	3.00	
5	2	Extra work space for external consultants will be needed	0.00	0.00	3.00	3.00	3.00	3.00	
		<b>Average Organizational Impact Rating (0 to 3):</b>	<b>1.14</b>	<b>1.14</b>	<b>2.81</b>	<b>2.81</b>	<b>2.88</b>	<b>2.88</b>	





## **Our Roadmap Recommendation**

Through the business analysis and assessment, the project team gains depth and understanding of Clackamas County's current state, challenges, root causes, and strategic goals. Data has been gathered that creates an objective view into the road ahead including the organizational impacts and risks that must be considered as the County decides how to proceed.

The data provides a "transformation landscape" if you will – a 360° holistic description of the organizational landscape within which any project must operate, navigate and mitigate to succeed. The organizational landscape includes the following:

- Organizational culture – how open to change is the organization? How supportive are executive sponsors to keep the project funded and resourced?
- Technical infrastructure – what is the technical design of the technology that currently supports the project's stakeholders i.e. networks, hosted, SaaS, vendors, 3<sup>rd</sup> party solutions- and how well staffed is the IT function to handle the current state? What concerns the IT function about this project? How prepared are they to support its successful execution?
- Business Process Efficiency – how efficient are business processes? Are they standardized or customized? Does practice equal policy or are they variations? How often are exceptions made for individuals, departments, etc.? Are there customized programs in place that are breaking down?
- Skills, Competencies and Capabilities – how strong are the skills of the stakeholders that would be impacted by the project? Is the project going to create attrition or require work rebalancing? What are the staffing risks if the project proceeds?

HRPMO focuses on projects that create a "transformation" impacting core operations and a project that impacts Human Resources has a ripple out impact because it impacts every employee. The "roadmap" chosen by Clackamas HR must recognize these risks and mitigate their impact to support their decision-making process of choosing the path, as well as prepare for its execution.

The recommendations developed by HRPMO create a "line of sight" from functional area to root causes, and then to a strategic path. The strategic path recognizes the risks, costs, and challenges but represents the greatest return on the County's investment of time, effort, and resources based on all of the data.

*HRPMO recommends the County embark on Path B – Re-Implementation of PeopleSoft HR to achieve the greatest long-term benefit from the execution of a technical project designed to upgrade technical support to Human Resources.*



## **Glossary of Terms**

Module – a specific group of programs designed to focus on one functional area such as the Account Payable module or the Benefits module. The term “application” may also be used; however, a module may contain one or more applications.

ERP – Enterprise Resource Planning system. In general, a system that primarily serves Financial accounting and operational management. As it has evolved, many other modules have been added to it until a full ERP can include Human Resources, Fleet Management, Utility Billing, Customer Account Management, Inventory, and many other applications as well.

HRMS/HRIT/HRIS – Human Resources Management System (HRMS), Human Resources Information Technology (HRIT), Human Resources Information System (HRIS). These terms are often interchangeably used. Within this report, HRMS applies to all modules that may fall under human resources including Payroll and Timekeeping. HRIS refers to human resources modules only, excluding Payroll and Timekeeping.

Best of Breed – A practice of attempting to use technical solutions that are consider the leaders within their specific functional area. Often, a best of breed practice requires purchasing multiple solutions as an ERP cannot be the best at everything.

Point Solution – a technical solution that is designed to focus on essentially one specific functional area to achieve a position of market leadership. For example, a timekeeping system that only does timekeeping.

3<sup>rd</sup> Party Provider – a business entity that provides a variety of outsourced business services. In this business report, the 3<sup>rd</sup> party providers provide the ability to “outsource” access to a HRMS essentially purchasing access to a system provided through the 3<sup>rd</sup> party provider and using it as the Agency’s HRMS.

Business requirements – the functional needs of the Agency that must be fulfilled by the technology in order to achieve the greatest return on their investment.

SaaS – Software as a Service – Software that is owned and managed by the vendor who provides access and use to a client via a secure Web portal via the Internet. SaaS software transfers the responsibility of maintenance to the vendor and the business fees are a direct expense as there is no ownership involved.

On Premises – a technical solution that involves owning and maintaining hardware and software. An on premises solution requires more support from IT resources, however the client has much more flexibility and control in its use. It can be more expensive in the short term but as our Total Cost of Ownership analysis has shown, over time it is comparable to SaaS solutions.

Blend – Most organizations tend to blend these methodologies because of various needs. It is often difficult to maintain the level of functionality needed across all functional areas with just one solution.

Integrated – the ability of the systems to integrate data to ensure it is always synchronized which in term ensures data integrity in reporting and processing.

Interface – a synchronization process between two disparate systems that maintains data integrity.

Roadmap – The planning of a path forward – in our business case, it is the roadmap for HR technology to upgrade functionality and reduced wasted resources.



## **Appendix – Detail Reports Attached**

### Current State Business Process Assessment Reports by Function

- HR Director’s Office / Workforce Data Management
  - HR Information Technology
  - Personnel Administration / Contracts / Employee Relations
  - Onboarding
  - Position Management



Clackamas  
HRPMO\_Personnel /



Clackamas  
HRPMO\_Position Mgt



Clackamas  
HRPMO\_On-Boarding



Clackamas  
HRPMO\_IT CSA\_Fina

- Workforce Design
  - Classification and Compensation (Including Budget)
  - Learning and Training Management
  - Recruitment and Applicant Tracking



Clackamas  
HRPMO\_Classificatic



Clackamas  
HRPMO\_Learning\_Ti



Clackamas  
HRPMO\_Recruitmen

- Health, Wellness and Safety
  - Benefits
  - Leave Management
  - Wellness



Clackamas  
HRPMO\_Benefits CS



Clackamas  
HRPMO\_Leave Mgm



Clackamas  
HRPMO\_Wellness C:

- Payroll
  - Payroll
  - Timekeeping



Clackamas  
HRPMO\_Payroll CSA



Copy of Payroll  
Processing List WFS



Copy of Pay Period  
Processing Updated



Clackamas  
HRPMO\_Timekeepin

### Technical Gap Analysis



Clackamas\_HRPMO  
HRMS Functional\_R



## Unmet Needs and Recommendations Report



HRPMO Clackamas  
Unmet Needs Recon

## Detailed Analysis Charts



Clackamas  
Paths\_Risks\_Change

## Attachment 4

# FINANCE BUSINESS PROCESS ASSESSMENT REPORT

November 2018

Contributors



**Government Finance Officers Association (GFOA)  
Research and Consulting Center**

**In conjuncture with  
County Finance**

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# Executive Summary

In public sector organizations, the finance function plays an important and often complex role. Not only are finance staff tasked with accounting activities necessary to fulfill responsibilities assigned to the finance office, they also must serve in a support role for many other departments. By coordinating budget, accounts payable, procurement, billing, financial reporting, payroll processing, and other functions, finance is an important player in the overall efficiency of an organization.

Clackamas County's Department of Finance (County Finance) takes these roles seriously, guided by values of accountability, customer service, and integrity. The finance team serves the public and internal customers by providing timely and accurate financial information, analysis, and coordination among departments to meet the County's public service goals.<sup>1</sup>

The purpose of this Executive Summary is to share the findings of the Government Finance Officers Association's ("GFOA") consulting engagement and to provide recommendations based on those findings. This Executive Summary has been prepared by County Finance combining key concepts from the GFOA reports with additional analysis compiled by County Finance. The GFOA reports in their entirety may be found on the Finance intranet page. Excerpts and concepts taken from the GFOA reports are included in this report. Other concepts not otherwise referenced are the opinions of County Finance. GFOA's engagement included review and assessments in the following areas:

- Policy Review – Review of documentation provided by finance on its internal operations as well as discussions on the County's practice for how it documents policies and processes and communicates that information to stakeholders;
- System Assessment – Review of previously completed technology assessments as well as discussions on how the County uses its financial system and shadow or subsidiary systems and how they support finance's business processes;
- Stakeholder Analysis – Collection of feedback from customers (i.e. County departments) on their experiences and expectations as well as the ongoing communications and general level of customer service provided by finance; and
- Overall Organizational Assessment – Review of organizational structure, staffing roles, and responsibilities, communications, use of key performance metrics, underlying technology, etc.

As part of this assessment, GFOA facilitated focus group meetings and interviews with 20 management staff from County departments, issued a survey to County staff and other stakeholders, and reviewed other documents to aid in identification of key issues. GFOA conducted research of our best practices, drew from industry best practices and previous assessments on other clients to provide recommendations to the County to begin addressing the identified issues.

This Executive Summary is intended to guide County leadership by helping communicate potential issues and assisting in the initial development of a plan to implement the recommendations outlined herein in so Finance functions may better support customers and stakeholders.

The content of this report is divided into three sections: (1) *Root Cause Definitions*, (2) *Findings*, and (3) *Recommendations*. The first section provides the guiding principles and definitions relevant to the rest of this Executive Summary. The second section is a consolidated narrative of inputs from workgroup process analysis sections, the online survey, and management interviews. The third section provides suggestions and best practice recommendations for managing systematic process and technology changes.

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<sup>1</sup> Clackamas County, Oregon, "Department of Finance," <https://www.clackamas.us/finance>.

# Section 1. Root Cause Definitions

Problems often occur when organizations change sophisticated processes, attempt to effectively manage increasing workloads, and attempt to manage approaching deadlines. Often, quick fixes or implementing workarounds to alleviate challenges leads to new problems or the eventual resurfacing of the original problem. The pressure for management and staff to keep processes moving quickly perpetuates what is commonly known as the Band-Aid approach. Failure to solve the real issue traps organizations in a never-ending cycle.

To find the origin of the problem, an organization must discover the factors at the source of the problem—or the *root cause*. This Executive Summary uses *root cause* to identify those factors that, when fixed, result in the permanent solution. A root cause is differentiated from a *causal factor*, which is a factor that affects an event's outcome, but does not touch the root cause. Though removing a causal factor can benefit an outcome, it does not prevent its recurrence with certainty.

General classifications representing finance's corporate framework are listed below. Each of the classifications are broken down further into categories, allowing for more specificity in identifying individual root causes.

- A. General Role of Finance
  - Structure
  - Ownership
  - Adaptability – Change readiness
  - Staffing
- B. Policies & Procedures
  - Administrative policies and procedures
  - Service Level Agreements (SLA)
  - Communication of updates and changes to or introduction of new policies and procedures
  - Engagement, collaboration, and customer service
- C. Technology
  - Data integrity

This classification provides the outline for the remainder of this section.

## A. General Role of Finance

The role and purpose of finance and the specific functions assigned exclusively to finance, must be defined prior to implementing financial policies, procedures and processes. This requires, at minimum, an outline of the structure of the department in relation to the organization as a whole and clear delineation of roles and responsibilities. General definitions and descriptions of these areas are outlined below.

### Structure

An organizational structure is a system that outlines how certain activities are directed in order to achieve the goals of an organization. These activities can include rules, roles and responsibilities. The organizational structure also determines how information flows from level to level within the organization. For example, in a centralized structure decisions flow from the top down, while in a decentralized structure decisions are made at the local level. A mix of centralized and decentralized functions are also possible.

Per GFOA Best Practice titled: "Internal Control Environment" (<http://www.gfoa.org/internal-control-environment>) recommends that Management should develop and maintain organizational structures that ensure accountability by:

1. Creating a formal organizational chart for both the government as a whole and for each of its departments;
2. Requiring written procedures for important government processes (e.g. payroll, etc.);
3. Developing flowcharts of each significant process;

# Section 1. Root Cause Definitions

4. Maintaining electronic copies of process flowcharts to facilitate easy-update;
5. Identifying responsibilities for workflow approvals in the various systems; and
6. Making sure systems incorporate adequate internal controls.

The best executed centralized accounting practices promote consistency in treatment, increases in productivity, minimization of effort duplication, and collaborative customer and partner relationships. Importantly, these efforts also save time and money. It is also clear that the days where a central finance department mains sole responsibility (i.e. full centralization) for *all* financial functions have passed.

## Ownership (partial vs. full responsibility)

Distributing and decentralizing financial tasks or even financial functions requires forethought as to the establishment of clear lines of responsibility between departments and County Finance. Fully delineating lines of responsibility promotes accountability, allows for the construction of internal controls, promotes collaboration, establishes ownership related to work performed, and prevents redundancy of responsibilities and processes.

Clear lines of ownership establishes full authority to oversee and enforce financial policy, so that administrative and operational responsibilities are not neglected. Such lines also reduce the potential for conflict between staff and/or departments.

## Adaptability – Change Readiness

Change readiness is the measure of confidence within the organization to move from an idea to a proposed goal. Change readiness requires management's attention to three specific areas:

1. Cultural readiness – the degree of alignment between organizational norms and the proposed change.
2. Commitment readiness – the degree of resolve and ability of the organization, through its leaders at all levels, to see the change through to successful and sustainable completion within the organization's overall strategic agenda.
3. Capacity readiness – the degree to which the organization is able to bring supportive work processes, historical knowledge and experience, current knowledge, skills and abilities, and resources to bear on the successful implementation and sustainability of the change.

Competing attitudes and behaviors may inhibit an organization's ability to adapt. Efforts may be undermined when the organization has not given sufficient attention to integrating new employees into the organizational culture, the identification and maintenance of competing agendas, potential shortcomings related to the integration of new behaviors and patterns for employees. Conversely, fear of change among stakeholders and the stagnation of status quo mentalities of legacy employees can be a barrier to progress.

## Staffing (turnover, skill level, training, staffing levels)

Often times it is said that an organization's biggest asset is their people. When an organization invests in hiring people with the appropriate skill level for the position, when it maintains or enhances employee skills with relevant training, provides opportunities for advancement, funds the appropriate number of positions for the existing workload, and acquires new talent when required skill sets do not exist in current staff the organization sets itself up for success. When the organization does not make such investments, customer service will be impacted. Impacts could include increased cost due to errors, longer decision making processes, erosion of institutional knowledge, unrealistic workload expectations which, in turn, impact the quality and/or the efficiency of the work product and can potentially result in incompetent staff. All of these things can impact and be impacted by the organizational culture. Policies and procedures, along with adequate staffing levels, can mitigate these risks.

# Section 1. Root Cause Definitions

## B. Policies and Procedures

Successful policies and procedures require careful and focused attention to processes, consideration of internal controls and department needs, and be designed in service to the organization as a whole while also being in compliance with industry-identified best practices and oversight agency recommendations and/or legal requirements.

### Administrative Policies and Procedures

Administrative policies and procedures are a set or system of rules and processes that govern the management of an organization. These policies and procedures are meant to establish efficiency, consistency, outline responsibilities, and determine accountability.

Per GFOA Best Practice titled: “Adopting Financial Policies” (<http://www.gfoa.org/adopting-financial-policies-0>), financial policies and procedures are central to a strategic, long-term approach to financial management. Some of the most powerful arguments in favor of adopting formal, written financial policies include their ability to help governments:

1. *Institutionalize good financial management practices.* Formal policies usually outlive their creators, and, thus, promote stability and continuity. They also prevent the need to re-invent responses to recurring issues.
2. *Clarify and crystallize strategic intent for financial management.* Financial policies define a shared understanding of how *the* organization will develop its financial practices and manage its resources to provide the best value to the community.
3. *Define boundaries.* Financial policies define limits on the actions staff may take. The policy framework provides the boundaries within which staff can innovate in order to realize the organization's strategic intent.
4. *Support good bond ratings* and thereby reduce the cost of borrowing.
5. *Promote long-term and strategic thinking.* The strategic intent articulated by many financial policies necessarily demands a long-term perspective from the organization.
6. *Manage risks to financial condition.* A key component of public accountability is the reduction of excessive risk-taking in the pursuit of public goals. Financial policies identify important risks to financial condition.
7. *Comply with established public management best practices.* The GFOA, through its officially adopted Best Practices endorsement of National Advisory Council on State and Local Budgeting (NACSLB) budget practices and the GFOA Distinguished Budget Presentation Award Program, has recognized financial policies as an essential part of public financial management.

Steps to consider when making effective financial policies include (1) scope, (2) development, (3) design, (4) presentation, and (5) review.

### Service Level Agreements (SLA)

In the context of County Finance and the County departments, SLAs are essentially contracts with the departments defining the roles, responsibilities, and customer service expectations.

### Communication

Communication is the continual process of providing, sharing, and obtaining necessary information. The information should be relevant, meaningful and understood internally within central finance and externally by departments. Communication internally is the means by which information is disseminated within central finance enabling personnel within the workgroup to receive a clear and unified message from senior management. Externally, communication is twofold: it enables personnel to respond to inbound requests consistent with the established policies and procedures and also sets expectations for departments as to responses that may be provided. Effective communication supports the functioning of the workgroup within the framework of policies and procedures.

# Section 1. Root Cause Definitions

## Engagement, Collaboration, and Customer Service

Culture issues are things related to methods, practices, or traditions within an organization that perpetuate problems—for example, “We have always done it this way.” Staff providing such a response may provide negative pushback when change is introduced. Culture is an expression of the people who make up the organization.

In some organizations the culture prevalent may be described as a *silo mentality*. A silo mentality occurs when departments or groups within an organization do not want to share information or knowledge with other individuals in the same organization. A silo mentality reduces the organization's efficiency and can contribute to a failing corporate culture. Silo mentalities often begin with management and work their way down to individual employees. Silo mentalities may also appear where individuals feel threatened or insecure about their performance. For whatever reason, such siloing effects have a negative impact on the organization as a whole. Information is withheld, resources are utilized ineffectively and sometimes duplicated, and information does not flow freely across the organization. The lack of cross-departmental communication can negatively impact the workflow. The end result is departments working with inaccurate or out-of-date information.

## C. Technology

Enterprise resource planning (ERP) is defined as “the integrated management of core business processes, often in real-time and mediated by software and technology.”<sup>1</sup> The prevailing practice in organizational finance software has been the combining of core functions into a single enterprise-wide software suite. In recent years, the technology industry has developed software products to deal with specific functions. The choices have been a single encompassing software solution, integration, or separate data silos.

Separate programs can provide more visibility and perceived control over the data, but there is the risk of duplicative or missing data when systems are not integrated.

From the perception of the users, it is sometimes unclear if the technology itself or the processes surrounding the technology are the root cause of the problem at hand. There may be clear technology issues where processes are identified by staff as the root cause. For example, when the server is down or there is intermittent network connections, these are obvious technology problems. However, it is not clear technology is the problem when a function isn't handled by the current technology, or the information on a report is incorrect. Confirming policies and procedures can reveal process and compliance problems. Such problems are illustrated when a person forgets to take a step in preparation of information prior to submitting for data entry (e.g. in preparing journal entries, vouchers, and field purchase orders). Or data may be submitted on an incorrect form or is simply entered incorrectly. Other issues may be a result of inadequate training and time. Data entry may be delayed because a person is unable to keep up with the workload.

When diagnosing root causes related to technology, most, if not all of root causes identified in the review of policies, processes, and procedures play a significant role in the implementation of technology and support its ongoing use. Symptoms that may point to technology as the problem may be seen when shadow systems spring up and/or alternate methods are developed to work around the core system.

Technology should support or enhance the current process. It may drive change of existing processes. It can also shape processes. However, in comparison to potential other major categories of root causes, the majority of challenges may not be linked directly to technology.

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<sup>1</sup> [https://en.wikipedia.org/wiki/Enterprise\\_resource\\_planning](https://en.wikipedia.org/wiki/Enterprise_resource_planning)

# Section 1. Root Cause Definitions

## Data Integrity

*Data integrity* is the maintenance and assurance of the accuracy and consistency of data over its entire life-cycle. Data integrity is a critical aspect to the design, implementation and usage of any system which stores, processes, or retrieves data. Data can inform decisions about performance and programming. A data infrastructure can collect, validate, interpret, track, and communicate primary performance data to inform stakeholders, guide decision-making, and assess program quality. Openness, accountability, and honesty define government transparency. In a free society, transparency is government's obligation to share information with citizens and internal customers (stakeholders). It is at the heart of how stakeholders hold their public officials and co-workers accountable. Data integrity and transparency are, therefore, essential to the reporting system.

The importance of data integrity and transparency cannot be underestimated, given its role in performance assessments. Carefully administered procedures must be in place to ensure data integrity. Data integrity requires verification and cleaning of data and establishing clear procedures for data collection.

Data infrastructure should reflect performance evaluation measures and program purposes. Board members, managers and other staff should be well-informed about data integrity assurances and appropriate data integrity procedures which ensure accuracy. For example, executing performance-based budgets require budget managers to show the link between funds provided and service outcomes.

Transparency of measures and resulting data are also key factors in measure selection. Measures that provide real-time feedback, are accessible and easily understood, and have direct application to practice are more likely to have an immediate impact on operations. If managers and staff are expected to enter information into data portals, ensuring that these data entry points are user-friendly is critical to ensuring the success of evaluation efforts, such as Performance Clackamas. Making data accessible in real-time through providing managers access to the data in the system of record (e.g. view only and/or report/query running capabilities) and providing user-friendly interfaces and training will increase transparency and reduce workload for finance staff over the long term.

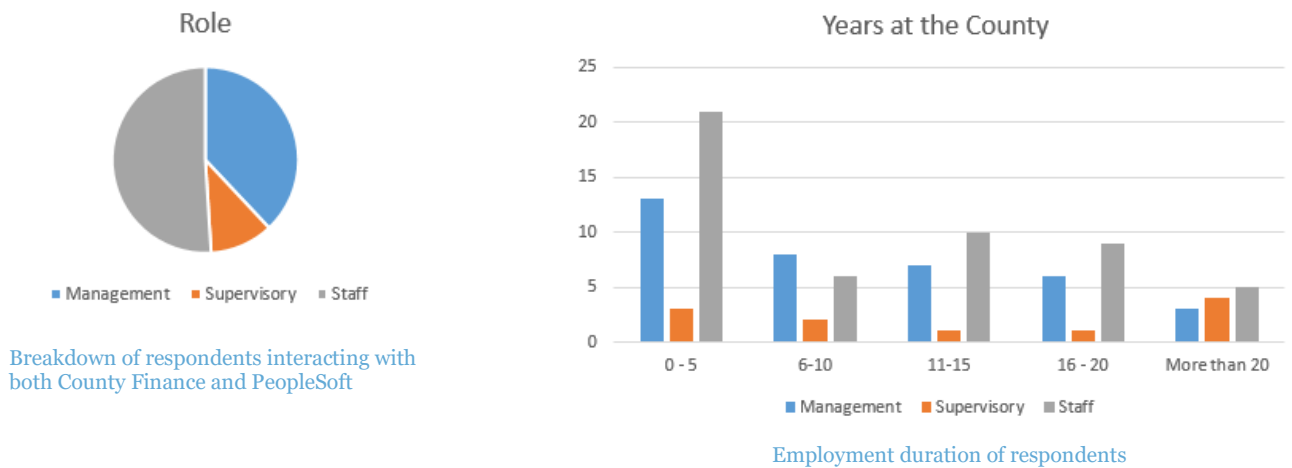
## Section 2. Findings

This section describes the methods and results of the survey conducted independently by GFOA during the course of their consultation.

### Survey Demographics

Of the 98 survey respondents, 49% were management and supervisory and 51% were staff (Table 1). As Years at the County shows, 38% of respondents interacting with both County Finance and PeopleSoft have been employed at the County for less than 5 years. Those employed at the County for 16-20 years represent 16% of the respondents, and 12% have more than 20 years of service. The results indicate that half of respondents are either new to the County and its financial systems & software, or are likely close to retirement.

Note: Some finance staff were also surveyed and their responses are included in the data set.



The results of the staff and stakeholder survey are represented in Table 3, structured in eleven categories and their corresponding descriptions.

### Table: Groupings of major response categories from interviews, focus groups, and surveys

RESPONSES (%)	CATEGORY	DESCRIPTION	EXAMPLE
21	Technology Functionality /	Feature that seems lacking or unused in the current technology	Tracking over multiple years: contracts, grants, projects, programs; Creating and tracking billing; Facility and TS early budgeting
21	Policy & Procedures / Workflow	Sequence of operations to complete particular functions or task	Multiple entry points, internal controls like signatures, paper forms, timeliness (delays in receiving information, passing it along)
15	Policy & Procedures / Technology / Tracking	External methods are needed to keep track of submissions in a single process	Workflow (data entry for journal entry, voucher payments), Receipt of payments (check, cash), communication



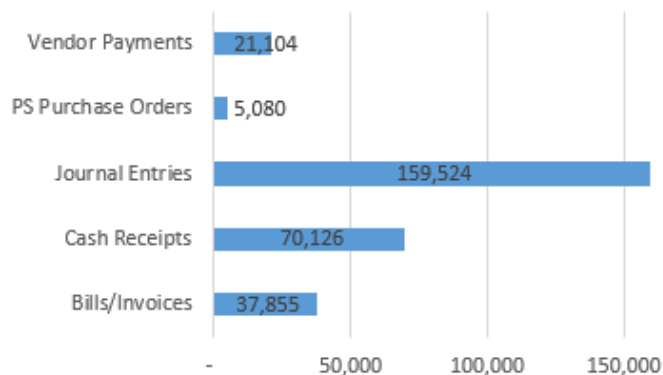
## Section 2. Findings

10	Staffing / Training	Personnel have the necessary skill to handle various tasks within the system	Don't know what reports to ask for, inability to find information in the system.
9	Policy & Procedures / Technology / Reports	Documents containing information organized in a narrative, graphic, or tabular form, prepared on ad hoc, periodic, recurring, regular, or as required basis	Quality data of reports are limited, underutilized, and/or inconsistent
8	Technology Integration /	Inability of systems to talk to each other	Budget, contracts, work order, assets
5	Policy & Procedures / Compliance	When clear direction is given by Finance, procedures are not properly followed	Incomplete or incorrect information, proper approvals
5	Policy & Procedures / Technology / Configuration	System setup prohibits some features and functions to work effectively	Chartfields impact reports, ability to track performance Clackamas, projects and programs
2	Policy & Procedures / Exception	The process itself is so complex that it doesn't fit into the general scheme of the process and procedures, or technology	Programs; Sheriff, construction, project payroll and time entry, budgeting for Grants; blended component units work on their own timeline
2	Staffing / Staffing	Lack of staffing resources, or management of workload, customer service	Follow-up on collections (billing), attitude
2	Role of Finance / Organization	Role and structure of finance	Many procedure changes; hard close

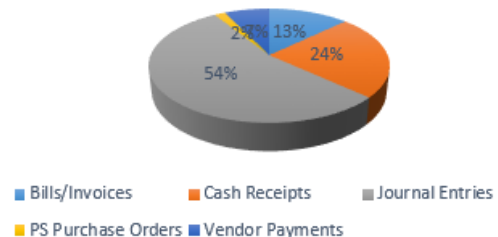
### A. General Role of Finance

This section outlines the summary of the findings related to the structure, ownership, and staffing of finance.

Number of Transactions Processed  
in FY17-18



Transactions by Percentage  
in FY17-18

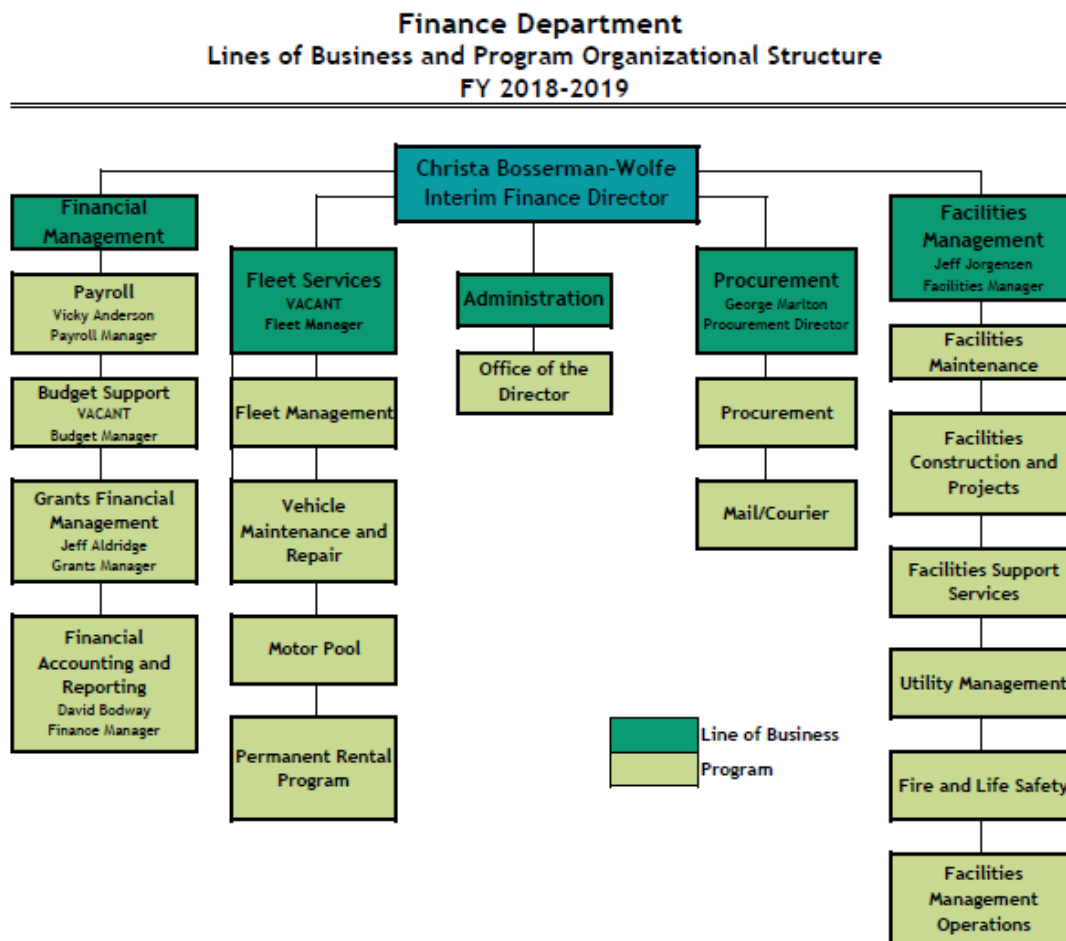


## Section 2. Findings

### Structure

The Department of Finance has a long history here at the County. Long-time former employees provided accounts that the Department was created in the mid 1980's out of necessity. Some may recall that in 1984, the Reagan Administration passed sweeping reform and regulations that changed the accounting, reporting, and auditing requirements for local governments receiving federal funds. Therefore, financial functions, previously decentralized and performed in the departments, were gathered up and placed under the leadership of the then Treasurer/CFO to create one system of record for all financial transactions. In the 1990's, the Treasury and Finance functions separated and Central Stores (part of Purchasing) were closed. Most recently, in 2006, Fleet Services was created with the transfer of the Car Shop from DTD, the hiring of a fleet manager, and transfer the Motorpool and administrative functions from Purchasing to Fleet Services. Notably, the Finance Department is an Internal Service at the County that is a conglomerate of diverse operations, much like Business and Community Services. With 107 FTE total (36 FTE focused in finance and procurement) and diverse operations, the span of control is difficult at best.

The current organizational chart for County Finance is below:



## Section 2. Findings

GFOA conducted research and analysis of similar local governments as part of this engagement. Fleet and Facilities Operations were not commonly part of the Department of Finance. Fleet more commonly reported to a Department of Transportation and Facilities more commonly reported directly to County Administration or a Department of Operations.

### Finance Functions

After extensive review, it is apparent some important functions of County Finance cannot be decentralized to departments due to regulations; local, state or federal laws; impracticability; or the integrity of internal control systems.<sup>1</sup> These functions include:

- Maintenance of the accounting system of record (e.g. chart of accounts, vendor entry and maintenance, etc.)
- Preparation of comprehensive annual financial reports (CAFRs)
- Development and enforcement of financial policies and procedures, including internal controls, that require County-wide application
- Except in special cases, Federal grant financial oversight and reporting
- Primary contact for financial audits
- Oversight responsibilities related to compliance with Oregon Budget Law
- Issuance of vendor payments
- Debt management
- Procurement
- Payroll

In principle, it is possible to at least partially decentralize other financial functions, such as:

- Contract administration
- Financial management and reporting for non-federal grants
- Subrecipient grant issuance from all funding sources, fiscal monitoring, and closeout
- Department-level budget preparation
- Check and cash deposits
- Other data entry functions
- Programmatic and departmental financial monitoring and oversight; real time financial reports used for management decisions

Financial tasks are lower-level financial activities that positively contribute to broader, more basic financial functions. Tasks are more easily decentralized, since responsibility for the broader financial functions does not transfer with decentralization. Examples of financial tasks include accounts payable data entry, field PO issuance or online requisition entry, budget monitoring, check and cash deposits, billing, etc.

Many of these financial tasks are currently performed by departments; others could be outsourced to departments with the implementation of new processes.

The mixed centralized/decentralized model has impacted the finance department's ability to deliver the level of service expected by its customers. Currently, responsibility for many financial functions have been distributed to departments in a non-systematic and unprincipled way. These distributions of functions have occurred haphazardly based on the immediate need(s) at the time of the distribution, and without consideration as to whether the existing financial software could be utilized to meet such immediate needs.

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<sup>1</sup> Excluding County component units, such as NCPRD, WES and HACC

## Section 2. Findings

### Ownership (partial vs. full responsibility)

Survey data gathered reveal a clear frustration experienced by both finance department employees and the department staff they serve. Among County Finance’s customers, it was common to hear that answers varied depending on who in finance was contacted. The data also revealed that departments frequently would contact multiple people within finance with the same questions, effectively “answer shopping” for answers most convenient for them. Given the lack of clear definition around roles and responsibilities, exaggerated by the lack of documented policies and procedures, it appears that expectations have not been properly set and employees don’t have the resources (policies and procedures) to provide and/or enforce consistent service.

Survey responses identified the following issues.

- Although the finance department performs accounting tasks on behalf of the department, department staff do not understand their responsibility for the accuracy and completeness of the information they submit.
- Time, effort and cost is increased due to follow-up and rework.
- Confusion over responsibility results in interdepartmental conflict and breakdown in trust.

### Staffing (turnover, skill level, training, staffing levels)

During GFOA interviews, interviewees indicated a number of issues related to lack of specific training and expertise for department staff. As a result, many users have difficulty navigating finance applications and they have independently developed alternative methods to manage finance information, including reworking information and maintaining duplicate systems and processes.

Other comments indicate the departments work autonomously because they are lead to believe County Finance does not have adequate staff to service the County. “They don’t have staff,” and County Finance’s primary issue is not enough bodies” reflect some of the sentiments stakeholders shared.<sup>2</sup>

Another frustration with the provision of financial services is that some departments have attempted or requested to hire accounting or other financial resources to meet departmental needs and demands, and thereby retain some financial functions within the department (i.e. decentralization); yet those requests have been rejected and services are still not provided by County Finance.<sup>3</sup>

## B. Policies and Procedures

The vast majority of the County’s financial policies and procedures are not documented. The Procurement and Grants units are updating or starting to develop and document policies and procedures. However, too many processes remain informal or inconsistent among departments and agencies. Without defined processes or policies, setting expectations for outcomes is difficult and holding stakeholders accountable becomes almost impossible. As a result, finance staff and service departments often spend a considerable amount of time on redundant processing or inefficient re-processing, compromising the integrity of financial data. For example, the journal entry process includes the routing of paper documentation to finance to review and enter into PeopleSoft.

Additional issues/comments identified in GFOA survey include:

- Delay/lag in data posting; perception paperwork is sitting on someone’s desk.
- Difficulties in developing financial historical comparison and projection data due to the variance in revenue streams year-to-year.

<sup>2</sup> Ibid, pg. 12

<sup>3</sup> Ibid, pg. 12

## Section 2. Findings

- Closing periods are defined but not consistently enforced, creating errors in data entry because of accidental back posting.
- Submissions received by finance past the deadline, creating extra work to prevent audit findings.
- Vendor invoices are received at multiple locations rather than at central finance.
- County Finance and department roles and responsibilities are not clearly defined.
- Few County policies, procedures, or work instructions have been written.

### Service Level Agreements (SLA)

For the most part, service level agreements are not used at the County. PGA has recently added a type of service level agreement derived from a service allocation method, but SLA's are otherwise underutilized.

### Communication

A consistent theme that arose during interviews and in survey responses is the lack of communication and transparency from County Finance to county departments. Departments noted that new policies, procedures, and directives are not communicated to staff and/or are posted to the website without supplemental information. It should be noted that some interviewees indicated communication is improving.

Survey responses related to communication issues indicated customers are often unable to determine where something is in the process (purchase order, contract, journal entry, voucher, vendor payment, etc.). Additionally, even when deadlines are communicated to departments, such communication often goes unheeded.

### Engagement, Collaboration, and Customer Service

The overall organizational culture at the County is perceived as siloed where departments and workgroups operate independently, almost in an "us versus them" fashion, where protectionist attitudes often prevail (e.g. "you cannot view my data").

While certain areas of County Finance have adopted more engaging approaches, such as making personal visits to departments, not all have. The perception of departments is that County Finance does not understand departments' operational needs.

GFOA interviews with County stakeholders highlighted tension between County Finance and departments, where departments perceive an attitude of suspicion projected from finance staff. One respondent indicated "an attitude of helpfulness and service" is missing and an "attitude of suspicion that departments are actively seeking to circumvent the rules instead of just unaware/unfamiliar with them and their implications" is often implied in interactions.

Within the County, many departments do not view County Finance as a partner in organizational financial support and many have expressed frustration that County Finance and departments do not have a strategic partnership and customer service is not a priority. There is evident contention between County Finance and most departments. This lack of collaboration results in the perception that departments are trying to circumvent established processes.

### C. Technology

Twenty years ago, Y2K was a looming problem and the County's existing financial software was incapable of handling the challenges. To solve this, the County chose to move to a new financial system, and the new system implementation was conducted in a manner designed to preserve existing processes and structures, rather than systematically evaluating all processes and structures for improvement. Nor did the implementation include a proper evaluation of the capabilities of the new software in meeting existing unmet

## Section 2. Findings

needs. This resulted in a missed opportunity for both improvement and full utilization of the software's capabilities.

The County's primary financial system, PeopleSoft, is not utilized to its full capacity, resulting in numerous, cumbersome paper-based processes. In addition, many of the other County systems are not interfaced to PeopleSoft, resulting in significant duplication of effort and lack of real-time data.

[Additional issues/comments identified in GFOA survey include:](#)

- User experience issues:
  - PeopleSoft navigation is clunky and not user-friendly
  - Many do not know what PeopleSoft has to offer
  - Manual paper processes vs electronic data entry and workflow
- Financial Reports issues:
  - Determine a set of universal reports useful to all departments, which are then also regularly scheduled for delivery to managers
  - Ability to reformat report information is lacking
  - Create and modify query so modifications do not have to subsequently be done in Excel
- Many users do not know how to monitor ongoing revenue and expenditures
- Better systems integration (HR, Budget, PeopleSoft Finance) is needed
- Budgeting specifically for grants has been a problem

### Data Integrity

The original configuration of roles in PeopleSoft has affected data integrity. Respondents indicated to GFOA that the perception of many department heads or other key staff is that they do not have the proper access to view their own or other departments' data and reports in PeopleSoft. GFOA suggested this is a byproduct of implementing PeopleSoft over 15 years ago, but the lack of proper access to data in PeopleSoft contributes to the culture of division.

[Additional issues/comments identified in GFOA survey include:](#)

- Inaccurate information – data often appears incorrect
- Manual processes for data entry create multiple points of failure
- Access to data tables is lacking, resulting in staff unable to write their own queries and reports
- Staff are unable to drill down on summary reports (PDFs), and instead must run another report
- Difficulty in determining the current configuration of reports
- Submission vs. posting lag time
- Project level tracking is needed

## Section 3. Recommendations

In summary, the three main classifications—the general role of finance, policies & procedures, and technology—provide a framework to evaluate options and understand the root cause issues. Within these categories, there are many interacting factors that influence the effectiveness of County technology and its uses.

It is the recommendation of GFOA that County Finance focus its time, effort, and resources in process and related improvements in order to achieve its goals and objectives.

### A. General Role of Finance

There are many roles, duties, tasks, and responsibilities that are necessary to support the financial management of Clackamas County. Organizationally, the function of the finance department is generally misunderstood or unknown. GFOA suggests clearly defined direction by County Administration will help establish the authority of County Finance, its span of influence, oversight and its ability to develop and enforce policies and procedures. GFOA notes that this would be a good opportunity to re-evaluate the structure of business units included within the finance group. Currently Fleet, Facilities and Courier Services are included within the finance group although they are not inter-related core financial services. It may make sense to group them together under a comprehensive internal service umbrella with other internal services such as IT, HR and Risk Management. Other models tend to group functions that are more similar in operations, such as grouping Fleet with DTD or grouping functions based on geographic locations of operations.

### B. Policies and Procedures

GFOA identified and documented major finance processes. In their observation and review, they indicated there are too many processes that are informal and are handled inconsistently. County Finance does not have an extensive library of, or centralized place for, access to its existing policies and procedures. Without these, it is difficult to measure the effectiveness of processes, to hold stakeholders accountable, and to identify specific areas for improvement.

GFOA completed the initial process analysis sessions. The outcome of these sessions were business process maps and feedback from the stakeholders. The next logical step is to prioritize which processes to address first. The County has LEAN methods and a process improvement team (P.I.T.) framework available in H3S to facilitate collaborative process change and enhancements. These teams can be leveraged in developing policies and procedures that can be widely adopted. They may be able to assist in:

- Facilitate discussions to help recognize issues and generate collaborative solutions
- Recommend areas to decentralize data entry
- Assist in the development of reports
- Design solutions for better data integrity to help promote data transparency
- Review redesign of the chart of accounts and assist in the standardization of the use of program and project fields

### Service Level Agreements (SLA)

Service Level Agreements (SLAs) are an important tool to ensure parties are receiving the agreed upon services. As the County Finance re-imagines how it will serve other County departments, communication and direct negotiation between County Finance and departments is key. For example, certain user departments have expressed willingness to pay for additional costs resulting from increased services offered by County Finance. Staff made it clear to GFOA that, to the extent possible, they were open to increased internal cost should they receive increased services. During negotiations, County Finance and service departments should set realistic expectations, formally defining them in the SLA. County Finance



## Section 3. Recommendations

should also focus on clearly explaining the justification for additional costs to ensure transparency.<sup>1</sup> Conversely, departments choosing to retain more financial responsibility must ensure the provision of skilled, knowledgeable, and specially-assigned department staff.

Once the SLAs have been negotiated and documented, they should be maintained by periodic review, at least annually, and updating as necessary. It is recommended that the finalized SLAs should be located in the same location as the County's policies and procedure documentation.

### Engagement, Collaboration, and Customer Service

Finance does not typically provide direct public services, but generally supports the departments that do. It is important for County Finance to engage collaboratively with those who design, develop, and provide public services. GFOA suggests that by clearly defining County Finance's role, including the services it is to provide to departments, and having consistent documented policies and procedures, will help to improve relationships among departments and County Finance will improve. A clearly defined role will also provide a baseline for expected customer support levels and services for departments from County Finance.

### Communication

Finance should conceptualize and develop a written internal communication plan with the assistance of PGA. This plan should address *what* needs to be communicated (e.g. new policies and procedures or updates to existing ones, announcements), *who* receives the communication (e.g. specific stakeholders), and *how* information will be disseminated by County Finance (e.g. intranet, email notifications, newsletters, trainings, bulletins).

Furthermore, the communication plan should outline *where* the repository for policies and procedures is located. The plan should encompass all policies and procedures, not just new ones. Through a formal communication plan and platform, employees will know where to access information and who is the ultimate authority on communicating specific types of announcements (i.e., communications related to updates on policies and/or procedures are the responsibility of the managers of finance's component units using organization-wide communication channels). Other agencies have used internal websites, email notifications, bulletins and newsletters to share updates. Alternatively, rather than each unit manager having responsibility for such communication, County Finance may consider a single point of contact within the finance department to take responsibility of the communication plan and the dissemination of new information.

### Adaptability – Change Readiness

Regardless of the impact of technology, cultural and procedural change will be required to achieve the goals of any newly defined role for County Finance, newly developed process improvements, and policy and procedure documentation and dissemination.

When considering technology solutions, maintaining the status quo is not a viable option for Clackamas County. At a minimum, upgrades to the most current version of People Soft, as well as, regular updates to maintain current status are required to ensure the software is meeting current standards and needs. This likely will require some culture shift toward a more evolutionary system. Additionally, as you will see in the technology recommendation below it is the opinion of GFOA and County Finance agrees that a re-implementation of People Soft should be treated like a new system implementation. The resulting organizational change impacts would be similar.

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<sup>1</sup> GFOA Best Practice, "Pricing Internal Services," <http://www.gfoa.org/print/448>.

## Section 3. Recommendations

### C. Technology

Several clear recommendations related to technology were provided by GFOA, which are grouped below.

**Collaborate with Human Resources.** GFOA recommends leadership from County Finance and Human Resources meet and review the other's business process analysis and recommendations. Collaboration between these two functional areas are important given that jobs, classifications, salary, and schedules impact various facets of finance, including budgeting, grants/project costing, internal services costing, etc. It is important for the two departments to meet and understand how a finance transaction might affect Human Resources / Payroll and vice versa.

Additionally, County Finance and Human Resources should pursue a cost/benefit analysis evaluation, ideally prepared by an independent third party with the skills to develop a strategy regarding system, scope, and timeline for an ERP implementation project. Project planning for these crucial projects should not be siloed and fractured. ERP project decisions should be treated as critically important and as a long-term County-wide strategic decision. Transparency and collaboration are key areas the County should improve upon.

**Develop Strategy.** GFOA recommends the County develop and define a formal governance structure, along with a project charter, to define the objective of a process improvement and/or ERP implementation project, to identify the key stakeholders (e.g., sponsor, steering committee, leads, subject matter experts, project manager), and to define the authority and roles of each stakeholder. This charter would serve to specify roles and authority for the project. The scope of the project should deliver a system capable of handling essential financial and human resource functions, including procurement, budgeting, time and attendance, payroll, staffing and HR functions, and other related areas.

**Develop Project Backfill Plan.** Resource preparation and the development of a backfill plan is a critical activity to ensure the County has identified appropriate staff and expectations related to work on process improvements and future ERP implementation, given the scope of work required. This should include the cost of contractors and temporary staff required over the implementation timeline (i.e. a multi-year cashflow projection correlating to the project timeline).

This cost/benefit analysis should include any quantitative or qualitative cost differentials (if applicable) between choosing either a re-implementation of PeopleSoft or the implementation of a new ERP system. The report could then be the basis for management to make a recommendation to the Board of County Commissioners for both the direction of the project and development of budget requirements.

In general, GFOA and County Finance believe a re-implementation of PeopleSoft should be treated as a completely new ERP implementation. Doing so would recognize the fact that such an option would entail the same issues as a new ERP system implementation. Even though there are users that know the system well, especially in Technology Services and County Finance, the vast majority of staff in the County do not know or use PeopleSoft. Additionally, for many other governments using PeopleSoft, there is movement to transition to Oracle Cloud software—a completely different system—so approaching PeopleSoft in context of what other options are available on the market will make sure that the County is investing prudently in relation to all available options.

A third party cost benefit analysis study that is jointly pursued with HR will assist in the development of the overall strategy and project backfill plan, as well as supply a timeline and multiyear cash flow projection which will, in turn, provide the basis for a recommendation and budget requirements of the potential ERP project.

# Conclusion

Based on the information presented herein and information obtained from the business process analysis meetings, GFOA believes there is a strong case to replace or upgrade the County's PeopleSoft system, although GFOA recommends the County address the recommendations related to the role of finance and policies and procedures before any system upgrade or replacement occurs.

GFOA recommends the County focus on improving business processes and addressing the operational recommendations prior to upgrading or replacing PeopleSoft. GFOA stated that Successful ERP implementations require advanced project planning activities to document and implement process improvements, to review and update financial policies, and to obtain buy-in from the executive management team.

GFOA believes focusing on business processes provides the best opportunity for a return on investment, supports implementation of strategic County goals, and provides for the most positive project outcomes. By focusing on the items that could improve, regardless of the technology, County stakeholders can re-define how processes can be routed and reviewed to ensure for effective financial management. Taking the time to do so in advance of a financial system implementation prepares the County for implementation and minimizes the potential direct and indirect cost (e.g., vendor hours, staff hours), and delayed project that could incur with indecision during the implementation process.

GFOA expects the County would realize the following improvements and efficiencies by reviewing its business and operational processes for improvement and upgrading or replacing its financial system:

- Greater use of the system by the County's departments
- Standardized processes that are more efficient
- Policies, processes, and procedures standardized for all County departments
- Improved customer service (internal, external)
- Greater transparency (communication and system access)

***GFOA recommends and County Finance concurs that the County should focus on improving business processes and addressing the policy and procedure recommendations prior to upgrading or replacing PeopleSoft.***