



## Board Report 24-24

Date: May 21, 2024

To: Board of Deferred Compensation Administration

From: Staff

Subject: Human Resources & Payroll (HRP) Project Update

### Board of Deferred Compensation Administration

Thomas Moutes  
*Chair*

Neil Guglielmo  
*Vice-Chair*

Jeremy Wolfson  
*First Provisional Chair*

Joseph Salazar  
*Second Provisional Chair*

Matthew Benham  
*Third Provisional Chair*

Dana H. Brown

Linda P. Le

Carl Lurvey

Simboa Wright

This is an informational report to provide the Board an update on the current status of Deferred Compensation Plan items included in the City's Human Resources & Payroll Project, which launches mid-June 2024, and efforts involved in the similar payroll system transition for the Department of Water and Power, scheduled to go-live at the end of December 2024.

### **Background:**

At its Special Meeting of August 29, 2023, the Board requested a report from staff regarding the status of the City's Human Resources & Payroll (HRP) project and the Deferred Compensation Plan (DCP) items involved in the payroll system conversion from the City's legacy system, PaySR, to Workday.

Staff last provided the following updates on the HRP project:

- September 19, 2023 meeting in [Board Report 23-33](#)
- March 5, 2024 meeting in [Board Report 24-13](#)
- April 16, 2024 meeting in [Board Report 24-19](#)

This report provides updated status and also includes information related to the Department of Water and Power (DWP) Workday payroll system conversion.

### **Discussion:**

#### **A. City HRP Project - Status of DCP Testing Items**

Since the previous status update, following are notable updates:

- Data Validation - Staff reviewed data conversion files within the mock build exercise, so that potential issues or anomalies may be detected and corrected prior to go-live. Any

inconsistencies identified were resolved in either the City's payroll or Voya's systems or were attributed to one-time or frequent contribution changes on part of the participant. Staff also reviewed the transfer of Special Catch-Up participants, but will further create a backup record internally to ensure a clean transition into the new system and correct any errors post go-live.

- **Accrued Leave Deferrals** - As a result of employee pay examples identified in the parallel testing phase, staff requested that Workday ensure biweekly deferrals only deduct from biweekly pay and accrued leave deferrals only deduct from final accrued leave payouts. For the latter, it is significant to not only take from only payouts at retirement, but to also ensure the deductions are timed and only take when the payouts are generated. Workday indicated it would assess whether it would be able to create two separate eligible wage bases for biweekly deferrals and accrued leave deferrals at final payout; since the last update, Workday indicated that this has been completed. Staff will closely monitor Accrued Leave Deferrals upon transition to go-live.
- **Special Catch-Up** - Staff continues to work with Workday to clean up the Special Catch-Up process, which includes ongoing enrollments and processes that need to occur at the end/start of every calendar year (de-enrollment, adjustment of annual limits, monitoring of small unused contribution amounts). Workday created a special custom object, which is an area in Workday that will be able to hold related Special Catch-Up eligibility data and provide the ability to run reporting. Staff is working to finalize the internal process document and will review with Workday.

As we approach go-live, below are areas staff will be closely monitoring or will require more assessment through initial transition:

1. Payroll History for Year-to-Date (YTD) DCP contributions
  - During the review of Parallel Cycle 1, YTD contribution history was not a key focus of review as it was anticipated the go-live would be at the start of the calendar year. As such, participants would be able to start anew to reach their annual limit. Cycle 1 was loaded in with no history. It was requested that Cycle 2 have these contributions loaded. As the go-live is pushed to mid-year, it is important that these histories are loaded correctly to ensure this will be able to be done correctly for go-live. Though assurances have been made that it will be loaded for go-live, it was a missed opportunity to not have these loaded in correctly for Cycle 2 so that the results were able to be viewed beforehand (and identify any potential issues in anticipation of the conversion for go-live). Staff has requested that it be shown results in a tenant once Workday and the data conversion team has been able to load YTD contributions correctly.
2. Accrued Leave Deferrals

As mentioned, staff will closely monitor accrued leave deferrals at the time of transition. This process can prove challenging even with current processing protocols, due to the timing of when payouts occur (that can vary by department), when participants submit their form and indicate retirement date (and any changes thereafter that are not reported or not reported timely), and when DCP staff enters in the accrued leave deferral deduction.
3. Reporting

There are over 200 custom reports that have been built in Workday to recreate reporting or functional needs that exist in PaySR. Staff continues to work with the HRP team to

identify the best reporting methods to review accuracy and monitor file uploads, biweekly payroll processing, and special items (e.g., Special Catch-Up enrollment/management and accrued leave processing). It has become evident that DCP needs to be self-sufficient to know what reports to run and what reports best support its processes.

4. PaySR Data Lake

It has been noted that a “data lake” will be prepared to ensure data in PaySR continues to be available. As of the writing of this report, staff has yet to see this tool, despite numerous requests since last year. Staff has provided to the HRP team another recent reminder that the DCP requires more information as to how the payroll history information will be made available after go-live and how we will view the audit trail history of DCP deduction code changes.

5. Unanticipated Issues

The DCP can only control and set up protocols for items within its purview. However, it is yet anticipated the scope of how department payroll practices or overall payroll practices might cause challenges with DCP payroll processing (late timesheet entry, retro processing, emergency checks, IOD pay, etc.).

A detailed breakdown of the DCP testing status for the City conversion is indicated in **Attachment A**.

**B. DWP Payroll System - Workday Conversion**

The Workday Benefits lead from the City payroll conversion project is actively assisting their DWP-Workday counterpart to better create consistency of process through the two payroll systems; staff has been continuing discussions to identify what processes can be mirrored.

As previously indicated, DWP is also looking to convert their legacy system to Workday, though it will be a separate system and not connected to the City’s Workday system. DCP staff has been informed that the projected go-live is December 2024.

Staff will continue to provide regular updates to the Board.

Submitted by: Esther Chang, Defined Contribution Plan Manager















**Status of DCP Testing Items for Payroll Conversion**  
As of May 21, 2024

**Legend**

- Tested
- Pending testing or other action
- Not yet tested or no demo seen yet
- Unk Unknown at this time

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
I. Biweekly Payroll Processing				
1. Biweekly Deferrals				
a. Automated File Integration	●	●		To update biweekly deferral elections.  <i>Status:</i> see 4a and 4b.
b. Manual Entry	●	●		For corrections/timing. The process to do so involves many more screens and clicks than previously in PaySR. <i>Status:</i> Tested in E2E.
2. Biweekly Loan Repayments				
a. Automated File Integration	●	●		To update loan repayment amount changes.  <i>Status:</i> see 4a and 4b.
b. Manual Entry	○	●	Y	For corrections/timing.  <i>Status:</i> This will be accomplished with a payroll input worksheet that will be uploaded to Workday each pay period. Previously in PaySR, staff would be able to edit the entry directly. In Workday, staff will complete the worksheet and ITA will need to upload into the system. <b>Update - Workday has indicated that any ongoing corrections to loan payments amounts will need to be further directed back to the TPA to feed back down the automated file, and that the payroll input worksheet be used only for one-time adjustment needs.</b>

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
3. Accrued Leave Payout Deferrals				
a. Upload via worksheet	○	●	Y	<p>This will be accomplished with a payroll input worksheet that will be uploaded to Workday each pay period. Previously in PaySR, staff would be able to edit the entry directly. In Workday, staff will complete the worksheet and ITA will need to upload into the system.</p> <p><i>Status:</i> Staff is awaiting update from the Workday and payroll to ensure accrued leave deferrals will deduct only from accrued time paid out at retirement. Workday is reviewing a solution to create a separate eligible wages base for accrued leave deferrals, which would defer from the eligible wages base for biweekly deferral. <b>Update - Workday has indicated this has been accomplished. Staff will request a test but further monitor closely in go-live.</b></p>
4. File Integrations				
a. Inbound file (from TPA to City) <i>Provides contribution and loan amount changes to load into Workday.</i>	●	●		<p><i>Status:</i> Generally, the functionality is working. However, trying to identify any potential anomalies (transfers between payroll systems or other mismatch of information). Awaiting update to error log format. <b>Update: Reviewing changes made to the log as part of the City dress rehearsal.</b></p>
b. Outbound file (from City to TPA) <i>Provides demographic and payroll amount information to TPA.</i>	●	●		<p><i>Status:</i> Generally, the functionality is working. However, trying to identify any potential anomalies (transfers between payroll systems or other mismatch of information). The file will now also include an indicator of Retirement Plan, which will assist DCP staff with segmentation of data (to review demographics, for elections purposes, etc.). <b>Update: Reviewing the process as part of the City dress rehearsal.</b></p>

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
II. Special Catch-Up Enrollment				
1. Manual enrollment				Status: Tested in E2E.
2. Manual override of payroll limit authority			Y	Status: Payroll provided approval of DCP team's access for this override ability.
3. Annual load of limits via worksheet			Y	EIB sheet for payroll override limits provided.  Status: Further tested during the mock build tenant exercise. This will be utilized only for those participants with a small unused contribution bucket.
4. Unused Amount Report			Y	Enhanced report functionality compared to PaySR. Status: Testing.
5. *NEW* Special Custom Object			Y	In trying to improve the work process for Special Catch-Up enrollment, de-enrollment, and monitoring practices, Workday is creating a special custom object that will hold information related to a participant's enrollment. <b>Update:</b> Staff has worked with Workday to set up the object data fields as well as an accompanying report.
6. *NEW* Change Benefits EIB			Y	For de-enrollment at the end of the year, staff will need to upload a worksheet to change employees from the Special CU plan to the regular biweekly plans, utilizing reporting from the Special Custom Object.
III. Payroll Validation & Error Identification				
1. Payroll Preview (Individual Employee)				
2. Payroll Analyzers (Deductions)			Y	Status: Reports that may be run in Workday are not yet fully identified. Staff is testing several to ensure they meet our purposes. Workday has indicated it will not provide taken/not taken reports as it was provided in the City's system. Staff is working to

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
				see how different reports may be combined to create similar result.
3. Error Identification & Resolution	●	●	Y	<i>Status:</i> Currently testing appropriate reports; unclear if additional custom reports will become available.
IV. Error Correction				
1. Prior pay period corrections	○	●	Y	<i>Status:</i> DCP staff has tested ability to make negative adjustments. May also need to work with the Controller's Office and/or user department. Seeking additional information as to how final payout checks will work and other retro transactions.
V. Historical data from PaySR				
1. DCP related data tables in PaySR to be available in separate data "lake"	○	○	N/A	<b>Update:</b> DCP still has yet to be shown the "data lake"; but has asked the Personnel HRP team to specifically identify how DCP staff can continue to access Pay History data and the audit trail history for all DCP deductions in PaySR.