

Appendix B

EMPLOYEE SYSTEMS TASK FORCE

PLANNING FRAMEWORK

January 14, 1997

CONTENTS

I. INTRODUCTION	4
II. SCOPE	5
III. GOALS	6
III.A. Reassess Payroll, HR, Benefits, Retirement Systems	6
III.B. Focus on People Centered Systems	6
III.C. Eliminate Redundant and Ad Hoc Systems	6
III.D. Integrate Campus HR Initiatives	6
III.E. Integrate with Business Process Re-engineering	7
IV. PLAN SCHEDULE	7
V. ANTICIPATED BENEFITS	7
V.A. Improved Service	7
V.B. Reduced Costs	7
V.C. Improved Controls	9
VI. PRINCIPLES	9
VI.A. Flexibility and Agility	9
. Rapid and Modular Deliverables	9
. Near-Term Payoff	9
VI.B. People-Centered Systems	9
VI.C. System-Based Controls	10
VI.D. Focus and Other Consultative Groups	10
. End Users	10
. “Out-of-the-Box” Thinkers.....	11
. External Groups.....	11
VI.E. Business Process Re-engineering	11
. OP, Campuses, End Users.....	11
. Non-UC Institutions.....	11
VI.F. Systems Standards	11
VII. RESPONSIBILITIES	12
VII.A. Policy Committee	12
VII.B. Planning Committee	12
VIII. KEY POLICY ISSUES	12
VIII.A. Separation of Payroll and HR	13
VIII.B. Unified HR Direction	13
VIII.C. Divergence of Payroll System	13
VIII.D. Reduction of Number of Pay Cycles	13
VIII.E. Central Demographic Database	13

VIII.F. Relationship to HR/Benefits Reorganization.....14

EMPLOYEE SYSTEMS TASK FORCE

PLANNING FRAMEWORK

I. INTRODUCTION

The University of California's payroll/personnel, benefits, and retirements systems (that we collectively term "employee systems") have served the University well over the years. They are complex, University-wide systems that perform reliably and correctly in meeting a broad range of requirements. In some cases, however, they are becoming outdated and do not support changing University organizational and customer-service objectives. It is time to reassess these systems, and how to organize work practices and services these systems are intended to support.

This Planning Framework is intended to guide the Employee Systems Task Force (ESTF) established by Senior Vice President V. Wayne Kennedy (see Appendix A) in his chartering memo of September 26, 1996 to develop a plan for how the University of California should move forward with employee systems in the context of both campus and OP requirements.

These employee systems have been developed over a number of years. Although the Payroll/Personnel System underwent a major technology and functional upgrade three years ago – the results of which are still being implemented at campuses -- many of the benefits of the system only reach out to departmental offices and not to end users. Furthermore, the Payroll/Personnel interface is traditionally character-based that does not integrate with more modern systems being implemented on many campuses. Questions have also been raised as to whether we can further reduce the number of pay cycles or introduce potentially cost-saving changes to system processes, such as, for example, giving employees the choice of receiving their pay stubs electronically?

In addition, there are questions today as to whether certain HR functions should be addressed separately from the overall Payroll/Personnel System. There are HR functions, such as applicant tracking, that are not being appropriately addressed by today's systems. HR/Benefits personnel need easier access to more current data, a situation that becomes amplified with the decentralization of

benefits counseling responsibilities to campus HR departments. Also, the implications of HRMI need to be addressed in this context.

Unlike the Payroll/Personnel system, the Benefits/Retirement System has not undergone major change since 1983. Many labor-intensive processes can be streamlined with the support of modern workflow technologies. Improvements such as Bencom that have occurred in service delivery depend on voice-response systems but do not include provision for easy-to-use workstation access. The system also supports only a character-based interface. And, because the system is not supported by a relational database, reporting is limited and difficult. Further, there are too many redundant and ad hoc systems disjoint from the main system that leads to much manual reconciliation, additional workload and potential for error.

Employees of the University are still required to complete too many multi-part forms, many of which request redundant information. There are too many manual processes. Volumes of information is still communicated to employees and annuitants in printed form, whether or not they prefer to receive it in that form.

Information, particularly demographic and other personal information, on employees and other members of the community is still at times collected redundantly and exists in too many different databases, some of which are unlinked or improperly synchronized. Yet these same databases are increasingly in demand to drive processes for which they were not originally intended. There is a need to re-think how we collect, aggregate, and make available such information.

The Employee Systems Plan must address these and many other issues and service objectives.

This Planning Framework: lays out the broad goals to be achieved; classifies anticipated benefits that can potentially be realized; delineates the scope of the effort; defines the over-arching principles that guide the effort; assigns responsibilities to the two Employee Systems Task Force Committees (see Section VI); and lays out key policy issues that need to be addressed.

II. SCOPE

The scope of the planning effort should encompass the payroll/personnel, benefits, retirement, and all human resource systems, and associated business processes. Other systems and business processes, however, should also be

considered insofar as employee systems do or should provide them with data, particularly if there are efficiencies to be gained in doing so.

The scope should also address the requirements of all actual or potential users who interface with these systems and business processes, either as creators, modifiers, or consumers of data, information, or business processes associated with these systems. This should include central campus offices, departments, end users (faculty, students, staff, annuitants), and the Office of the President. It should also address other organizations external to the University who interface with these systems, either as providers of information (such as health care providers) or as consumers, such as banks for electronic funds deposit.

III. GOALS

The goals for the ESTF Planning Effort were set forth in Senior Vice President V. Wayne Kennedy's chartering memo:

III.A.Reassess Payroll, HR, Benefits, Retirement Systems

As indicated in the Introduction, the Planning Task Force shall re-assess our current employee systems and determine and prioritize future needs.

III.B.Focus on People Centered Systems

Systems should facilitate easy access by end users not just support the needs of central and departmental offices.

III.C.Eliminate Redundant and Ad Hoc Systems

Redundant and ad hoc systems can lead to increased manual reconciliation, potential for error, reduced service, and fraudulent use. They should be replaced by well-integrated systems that are nevertheless flexible and designed to service a wide variety of functions and users.

III.D.Integrate Campus HR Initiatives

Several campuses have taken steps to implement HR systems distinct from the Payroll/Personnel system. The articulation of these systems with the present or revised Payroll/Personnel System and with University Policy needs to be better understood. Alternatives should be considered.

III.E.Integrate with Business Process Re-engineering

Most campuses and OP are involved with process re-engineering efforts. The integration of employee systems evolution with these efforts should be addressed. This should include streamlining interfaces between employee and other systems, particularly new systems such as those supporting research administration. Business process re-engineering, in general, should go hand -in-hand with overall systems re-assessment.

IV. PLAN SCHEDULE

The plan should be submitted by March 31, 1997. It should include consideration of projects, priorities, schedules, benefits, and resource requirements.

V. ANTICIPATED BENEFITS

Anticipate benefits of proposed projects should be clearly delineated. As with most systems, these fall into three major categories:

V.A.Improved Service

Improved service to system beneficiaries is a key reason for systems evolution. Easier access (anywhere, any time, any form, for example), faster turnaround, improved data quality, better information accuracy, and greater flexibility are all examples of improved service. Easier-to-use and more flexible tools fall into this latter category.

V.B.Reduced Costs

Reducing cycle times, eliminating process steps, and replacing human approval controls by system controls can not only lead to improved service, but to significant cost reduction as well. Cost reductions should be viewed holistically across departments and organizations, not just in a local and narrow context. Cost reduction should be a driving motivation, but it must be recognized that all cost savings cannot always be realized centrally and applied against system implementation costs.

Systems modifications taken outside the context of business process re-engineering generally do not lead either to improved service or cost reduction.

V.C.Improved Controls

System-based controls should replace, where possible, human-centered controls and focus on improving: accuracy, security, reliability, vulnerability to unauthorized modification, the support of approval requirements, ability to monitor as appropriate, ability to detect willful or inadvertent errors, inter-process reconciliation, reducing data redundancy, system backup, and protection of privacy,

VI. PRINCIPLES

The following principles should guide the work of the ESTF:

VI.A.Flexibility and Agility

An over-arching goal of this Plan shall, in key areas, be to create improvements to the current systems environment as rapidly as possible.

- . Rapid and Modular Deliverables

Plans should be established and systems should be designed, modularized and developed so as facilitate relatively rapid deliverables rather than requiring years of comprehensive systems design followed by approval and implementation. Use of methodologies such as rapid access development should be considered. Priority consideration should be given to purchasing systems where applicable and most cost effective.

- . Near-Term Payoff

Priority should be given to those projects that have a near-term payoff in terms of the anticipated benefits.

VI.B.People-Centered Systems

Systems should be developed so as to focus on ease of access by all users within the scope of the Plan. Some principles that apply in this context and should be used as a checklist of targets to work towards are:

- Users have a single point of access, with one sign-on and password, to all business systems.

- Data is entered and maintained by the individual who “owns” the data e.g., employees enter their own demographic data.
- Data is entered one time at point of origination and validated at time of entry.
- All business systems have a common, easy-to-use, GUI¹ look and feel.
- Data is entered and accessed through interfaces that are common to the workplace and that integrate with other functions (e.g., Web browsers, the telephone).
- Appropriate access to all business data is provided at the summary and detail level (drill up & down).
- Trusted data/ information is delivered anywhere and any time on demand.
- Reports are viewed and/or printed at point of use rather than printed centrally and distributed.

VI.C.System-Based Controls

Controls must be designed in to all modules delivered. A key focus is to replace human-based controls by system-based controls wherever this can reduce risk of inadvertent or willful error. Internal Audit shall be responsible for evaluating all planned system controls prior to implementation.

VI.D.Focus and Other Consultative Groups

Focus groups shall be extensively used to assess requirements, test concepts, and evaluate implementations.

- . End Users

An important class of focus groups shall be comprised of faculty, staff, students, and annuitants who are end users or beneficiaries of these system processes.

1 Graphical User Interface

- . “Out-of-the-Box” Thinkers

Another key focus group shall be composed of maverick thinkers who do not have formal responsibilities for functions affected by these system areas. The purpose is to nurture “out-of-the-box” thinking that can stimulate new approaches to service delivery.

- . External Groups

Consultation should also occur with external groups that can be of assistance, such as technology providers of employee systems and companies showcasing best practices.

VI.E. Business Process Re-engineering

Systems design and implementation must proceed hand in hand with business process re-engineering. The Planning Committee shall link with campus and OP efforts in this regard. The Planning Committee shall also propose new approaches wherever this would realize significant benefits. These benefits can be realized by eliminating unnecessary process steps, reducing cycle times, focusing on people-centered development, replacing human-centered approvals by system controls, leveraging the size of the University, etc.

- . OP, Campuses, End Users

Business process re-engineering should not only focus on intra-campus processes, but consider overall flows and linkages between OP and campuses, and with end users.

- . Non-UC Institutions

Business process re-engineering should also focus on linkages outside of UC, such as electronic funds transfer, connections with benefits suppliers, alternatives to claims processing etc.

VI.F. Systems Standards

Implemented systems, whether purchased or developed internally, will conform to the highest levels of modern systems development standards.

They will conform with University policies and architectural definitions, and with UCOP standards.

VII. RESPONSIBILITIES

The ESTF shall carry out its work through two committees: a Policy Committee and a Planning Committee. The duties of each are as follows:

VII.A. Policy Committee

The Policy Committee shall be responsible for the following:

- Refining Overall Goals
- Resolving Major Issues of Policy
- Developing Planning Framework
- Establishing Overall Priorities
- Recommending Funding Strategy
- Evaluating Strategy and Policy issues
- Coordinating with Campus and OP Leadership
- Resolving Planning Committee differences
- Assuring Plan compliance with Planning Framework
- Approving the final plan prior to submission

VII.B. Planning Committee

The Planning Committee shall be responsible for:

- Assessing Requirements
- Identifying Key Projects
- Assessing Benefits
- Assessing Resource Requirements
- Planning Implementation Strategies
- Developing Schedules
- Ensuring Compliance with Planning Framework, including the Principles
- Recommending Priorities
- Soliciting campus feedback
- Drafting Plan for adoption by full ESTF

VIII. KEY POLICY ISSUES

Key policy issues to be addressed by the ESTF Policy Committee include:

VIII.A. Separation of Payroll and HR

Human resource or personnel functions have traditionally been incorporated into the payroll/personnel system. A key question is to what extent separation of these functions from payroll is possible and to what extent such separation would be advantageous?

VIII.B. Unified HR Direction

Some campuses have purchased or are considering purchasing human resource systems. There are important questions as to precisely how these systems can appropriately interface with the payroll/personnel system. A key question arises as to whether acquiring a common system across all campuses would allow for efficiencies of maintenance and support, and allow for a common interface to the payroll/personnel system

VIII.C. Divergence of Payroll System

The payroll/personnel system is, by University policy, a common system for the entire University. Maintenance releases are issued periodically by the Office of the President that, at most campuses, are applied to local versions. However, several campus versions have been locally modified and depart significantly from the core system, to an extent that contradicts University policy. The need for such local variations should be examined, and a determination made as to whether payroll system integrity and efficiencies of maintenance can be gained by other approaches.

VIII.D. Reduction of Number of Pay Cycles

UC currently has four pay cycles. A reduction in the number of pay cycles should be considered.

VIII.E. Central Demographic Database

Systems beyond the employee systems depend on employee demographic data. This has led to duplicate data at many locations in the context of different systems raising problems of data currency and integrity. The issue should be examined as to whether there should be a single demographic database of record (whether centralized or distributed) that can drive all applications that require such data necessarily without having to reproduce this data in multiple locations. Consideration should be given as to how much of this data can be maintained by employees and annuitants directly with direct data input.

VIII.F.Relationship to HR/Benefits Reorganization

The HR and Benefits departments at the Office of the President are to be merged into a single organizational unit. This will have an effect on employee systems. The timing of this reorganization may conflict with the timing of the ESTF Planning Report, raising policy issues about how to proceed. The implications of HRMI also need to be considered.