



Board Report 24-19

Date: April 16, 2024

To: Board of Deferred Compensation Administration

From: Staff

Subject: Human Resources & Payroll (HRP) Project Update

Board of Deferred Compensation Administration
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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 an update on the HRP project at the September 19, 2023 meeting in [Board Report 23-33](#) and at the March 5, 2024 meeting in [Board Report 24-13](#).

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

Open DCP Data/Functionality Issues

Parallel testing required validating earnings and deductions data in PaySR to data in Workday. From that exercise, several defects were identified that will affect how DCP deferrals will be deducted in go-live. Additionally, there are other open items as staff works with Workday to better streamline the new work processes.

1. Data Validation

- In reviewing the deduction totals during the Parallel Exercise, issues related to data conversion were found, for example, deferral elections not loaded or loaded incorrectly. Staff is working currently to review data conversion details within the mock build exercise, so that the anomalies may be detected and corrected in practice for go-live.

2. Payroll History for year-to-date 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.

3. Accrued Leave Deferrals

- Accrued leave deferrals were not loaded in Cycle 1. At that time, staff did not have identified to them the work process to generate these transactions. In Cycle 2, accrued leave deferrals were again not loaded. Staff provided the information necessary to load this information, which was not completed. However, in looking at biweekly deferrals that were taken from final retirement payouts, staff is following up to Workday to ensure biweekly deferrals only deduct from biweekly pay and accrued leave deferrals only deduct from final accrued leave payouts. Workday is working to see if they are able to create two separate eligible wage bases for biweekly deferrals and accrued leave deferrals at final payout.

4. Special Catch-Up

- Staff continues to work with Workday to clean up the Special Catch-Up related processes, which include ongoing enrollments and processes that need to occur at the end/start of every calendar year (de-enrollment, adjustment of limits, monitoring of small unused contribution amounts). Workday has indicated it can create 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.

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).

Data Conversion & Payroll History Information

Staff is working to review data that has been loaded into the mock build tenant in preparation for go-live. Staff is also requesting more information as to how the payroll history information will be made available after go-live. It has been noted that a “data lake” will be prepared for this purpose. At this time, no further information has been made available.

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

B. DWP Payroll System - Workday Conversion

Additionally, DWP is also looking to convert their legacy system to Workday, though it will not be connected to the City’s Workday system. DCP staff has been informed that the projected go-live is December 2024 with the following high-level project timelines:

Activity	Start Date	End Date
End-to-End Testing	11/06/23	02/16/24
Payroll Parallel Testing	04/15/24	09/13/24
Production Deployment	9/30/24	12/02/24
Go-Live	12/27/2024	

Staff has only recently begun to have more discussion with the DWP and Workday teams involved. Currently, DCP and Voya are working with the DWP/Workday teams to provide benefit election files and other details to help with the testing and to review the parameters of the inbound/outbound integration files. On April 9, 2024, staff met with DWP staff to further discuss what work processes the DCP staff will own and have access to in the DWP system and what processes the DWP payroll office will own. Discussions also detailed all current processes to ensure all functionality will be appropriately mapped within the new system. DWP will be providing clarification on what features DCP staff may have security to access and provide an update as to how it will transition information related to participants’ unused contribution balances to ensure accuracy when determining eligibility for Special Catch-Up enrollment.

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 April 16, 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. <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.
3. Accrued Leave Payout Deferrals				
a. Upload via worksheet	○	●	Y	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

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
				complete the worksheet and ITA will need to upload into the system. <i>Status: Update - 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.</i>
4. File Integrations				
a. Inbound file (from TPA to City) <i>Provides contribution and loan amount changes to load into Workday.</i>	●	●		<i>Status: 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.</i>
b. Outbound file (from City to TPA) <i>Provides demographic and payroll amount information to TPA.</i>	●	●		<i>Status: 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.). Awaiting status of file once Cycle 2 closes.</i>
II. Special Catch-Up Enrollment				
1. Manual enrollment	●	●		<i>Status: Tested in E2E.</i>
2. Manual override of limit authority	●	●	Y	<i>Status: Payroll provided approval of DCP team's access for this override ability.</i>
3. Annual load of limits via worksheet	○	●	Y	EIB sheet for payroll override limits provided. <i>Status: Update - Being tested during the mock build tenant exercise. This will be utilized only for those participants with a small unused</i>

Description of Function	Prev. Status	Current Status	Differs from PaySR?	Notes
				contribution bucket.
4. Unused Amount Report	●	●	Y	Enhanced report functionality compared to PaySR. <i>Status:</i> Testing.
5. *NEW* Special Custom Object		●		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. This is in progress.
III. Payroll Validation & Error Identification				
1. Payroll Preview (Individual Employee)	●	●		
2. Payroll Analyzers (Deductions)	○	●	Y	<i>Status:</i> Update - 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 structured in the City's system. Staff is working to 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	