



Contra Costa County

To: Board of Supervisors
 From: David Twa, County Administrator
 Date: January 18, 2011

Subject: Agreement for Computer Hardware, Software, and Services from ADP

RECOMMENDATION(S):

APPROVE and AUTHORIZE the County Administrator to execute on behalf of the County a contract with ADP in the amount of \$3,116,400 to provide the automated timekeeping hardware, software and professional service for the Time and Labor Management/Hosting Project for the period of January 18, 2011 through January 18, 2016, as recommended by the County Administrator.

FISCAL IMPACT:

The estimated project cost is \$3,116,400 and will be paid over a period of sixty (60) months at approximately \$51,773.21 per month. Actual costs are based on employee count and other features set forth in Exhibit 1 of the Service and Fee Schedule (attached as Annex Z). The monthly costs will be spread to all user departments to maximize federal, state, and other revenue offsets.

BACKGROUND:

Contra Costa County currently collects employees' time through various means, such as

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **01/18/2011** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
 Mary N. Piepho, District III Supervisor
 Karen Mitchoff, District IV Supervisor
 Federal D. Glover, District V Supervisor

RECUSE: Gayle B. Uilkema, District II Supervisor

Contact: Lisa Driscoll, County Finance Director (925) 335-1023

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 18, 2011

David Twa, County Administrator and Clerk of the Board of Supervisors

By: June McHuen, Deputy

paper timecards and manual time entry. Once time is manually entered each pay period, an interface program transmits the extracted data to the PeopleSoft Payroll System for the processing of pay. The County has more than thirty (30) bargaining units and at least 100 negotiated pay rules. The current process for collecting time is operationally ineffective and open to errors and compliance issues.

The County Administrator directed an existing Steering Committee to issue a request for proposals (RFP) for implementation of an automated system to replace the current timekeeping system. The Steering Committee originally included representatives from departments responsible for the administration of personnel, pay, and benefits (the County Administrator, County Finance Director, Human Resources Director, Auditor-Controller, and Director of Information Technology). Because of the number of employees in the Health Services Department and the complexity of the Department's time and labor function a representative of Health Services was added to the Steering Committee.

The Steering Committee designed a RFP to identify an automated timekeeping system that meets the County's following goals and requirements:

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BACKGROUND: (CONT'D)

Automate time entry to streamline operations and implement best business timekeeping practices in a phased approach at the County's discretion;

- Validate system generated rules to comply with various County, state, and federal rules, regulations, and various Memoranda of Understandings (MOUs);
- Provide access through various technologies for employees and managers;
- Comply with the requirements of the Sarbanes-Oxley Act;
- Integrate with the County's PeopleSoft Payroll System (Version 8.81);
- Automate the County's Month/Work/Hour (MWH) calculation;
- Capture time through "start/stop" and exception only entry;
- Calculate County and FLSA overtime;
- Provide an in-depth Disaster Recovery Plan; and
- Offer the County flexibility through "On-demand" hosting services.

After the Steering Committee completed its review of the RFPs, the top vendors were selected to provide a presentation. From that process, the Steering Committee and Health Services representative unanimously selected ADP to recommend to the Board of Supervisors as the County's new timekeeping provider. The Steering Committee chose ADP for a variety of reasons, such as flexibility and payment structure; however, the two primary reasons were due to ADP's superior Disaster Recovery Program and full compliance with Sarbanes-Oxley. Additionally, ADP is known for its success in providing "hosting" services. Since the "cloud" concept is relatively new to Contra Costa County, it is imperative that the County utilizes a vendor with years of experience to provide that type of service.

Sarbanes-Oxley Act:

As previously stated, ADP is committed to complying with all of the requirements of the Sarbanes-Oxley Act that apply to ADP as a publicly traded company. Among other things, the Act requires the CEO and CFO of public companies to certify their periodic financial statements, evaluate their internal controls, maintain effective internal and external audit procedures, and avoid certain financial dealings with their corporate officers. ADP welcomes these new corporate standards, and complies with all of the Act's requirements that are applicable to ADP.

ADP recognizes that payroll, HR administration, and benefits administration play an important role in the accuracy of their clients' financial reporting, and many of their clients have concluded that these processes fall within the scope of their organization's Sarbanes-Oxley project. As such, these processes require extensive controls documentation, testing, and remediation under Sarbanes-Oxley. Organizations that choose to keep these functions "in-house" are required to carry out this costly effort every year. For those entities that choose to "outsource" to ADP, the cost and effort to document, test, and remediate controls for these processes can be substantially reduced through the use of ADP's carefully designed SAS 70 Type II reports. ADP will assist Contra Costa in our

efforts to comply with Sarbanes-Oxley by providing SAS 70 Type II reports. When evaluating internal controls, SAS 70 Type II reports are utilized for all our major product/service offerings. These reports are produced by KPMG – a leading public accounting firm in the U.S. There is no additional charge to Contra Costa County for any routine SAS 70 Type II report. SAS 70 Type II reports are designed to be used by ADP's clients and their external auditors to evaluate the effectiveness of controls in operation at ADP.

Hosting Services:

ADP's national hosting services provide a cost-effective way for businesses to gain the benefits of time and labor management systems and IT capabilities without the associated overhead costs. ADP owns the entire process, and provides the World Class Service that has made ADP the industry leader in application hosting. Contra Costa can focus on our strategic initiatives while outsourcing the vital, nonstrategic business applications to ADP. ADP's hosting solution includes several benefits:

- Tier IV data center
- No hardware or software to purchase, which eliminates capital expenses
- Rapid deployment without putting a strain on your IT resources
- Very little IT resources required for an automation project. [Network resources are needed during implementation and ongoing administration. IT resources are freed-up to support other core business systems or projects]
- Reduced risk of technological obsolescence.

ADP's Core Time Labor Management (TLM) Solution

The Steering Committee looked for a scalable, comprehensive, web-based time and labor management (TLM) solution that could streamline the total payroll process and chose ADP's solution. ADP integrates with a wide range of ADP payroll and HR solutions and technical environments, including third-party payroll and HR applications such as PeopleSoft, which will eliminate the majority of dual manual time entry.

ADP's (TLM) solution group provides product installation, implementation, training, and ongoing support allowing Contra Costa County to maximize labor resources by easily monitoring and controlling labor expenses throughout the organization. ADP's TLM Solution includes:

Collecting data via multiple methods. Automating TLM functions begins with time collection. ADP supports the collection of employees' time via the method that best fits the County's needs and culture. Data collection options can be mixed to best fit our employees and environment:

- Web-based time sheets provide "anytime, anywhere" access. Flexible input options

include time stamp, hourly, and project view time sheets.

- Time clocks provide options such as the traditional badge swipe, proximity badges, PIN entry, and biometric options (including single-finger or full-hand readers).
- Interactive voice response (IVR) options allow employees who travel or work off-site to use a toll-free telephone number to call in their time.
- ADP provides mobile workforce management solutions for companies with remote workforces.

Managing data in real time. Managers and supervisors have real-time access to valuable information through the use of configurable QuickNav data views. QuickNavs allow access to the data each user needs to “manage by exception” – either at an employee detail level or through summary data – which saves time and allows supervisors and managers to focus on the core needs of your business. Each user can be configured so that he or she views the data that is best suited to his or her needs and responsibilities.

Reviewing and approving data. Managers can consistently monitor employee labor and react more quickly to ensure adequate coverage while avoiding overtime and remaining within budget. The Time Card Editor provides managers and supervisors with a simple, powerful tool for managing front-line labor. Visual indicators highlight exceptions that need to be addressed, and real-time calculated totals are displayed.

In conclusion, the County Administrator believes ADP to be the best firm to provide vital technological services to the County and recommends approval of a contract, which is attached in substantially complete form.

CONSEQUENCE OF NEGATIVE ACTION:

Inability to update the county's antiquated timekeeping function will continue inefficient costly processes. Additionally, the potential for user/input error is much higher in the distributed paper system that currently exists than would exist with a system that includes automated practices. Delayed implementation of an automated system delays potential savings associated with automated practices.

CHILDREN'S IMPACT STATEMENT:

None.

CLERK'S ADDENDUM

Supervisor Uilkema recused herself from voting on this item due to a conflict of interest.

ATTACHMENTS

Master Services Level Agreement

Special Conditions

Annex A

Annex O

Annex Z