

## Payroll Operations and Information Management and Payroll Services Alliance Management Office Report – November 2006

### 1. Initiative Overview

The relationship between the Province of British Columbia and TELUS Sourcing Solutions Inc. is now entering its third year of operation. In the first year of the contract, the Provincial Human Resource Management Systems (HRMS) Partnership, together with TELUS Sourcing Solutions Inc., completed all the transitional activities required to establish the Centre of Excellence for the delivery of payroll and human resource information systems. With the operational infrastructure in place, the promised cost savings to the Province of \$1.2 million were realized and the groundwork established to begin positioning the business into a marketable entity.

Focus shifted in the second year of the contract from transition activities to infrastructure and service stabilization. Both core applications were upgraded and the technology architecture refreshed. Foundational work continued with planning activities and internal processes developed to strengthen service delivery and support the ongoing successful relationship established by the Provincial HRMS Partnership and TELUS Sourcing Solutions Inc. in the first year.

For more details on the Payroll Operations and Information Management and Payroll Services project, see the Project Summary at [http://www.saip.gov.bc.ca/ASD\\_Projects.htm](http://www.saip.gov.bc.ca/ASD_Projects.htm)

### 2. Status Update

#### Highlights

- **Successful \$4+ Million Upgrade to Oracle/PeopleSoft (CHIPs) Application**
  - In November 2006, the Oracle/PeopleSoft Application (CHIPs) was successfully upgraded from version 8.0 to 8.9 to provide the Province with current supported technology. As a result of the upgrade, functionality has been enhanced and the overall number of customizations decreased. By removing unnecessary customization, the total cost of application ownership has been reduced.

- **Successful Implementation of Collective Agreement Labour Changes**
  - System changes related to negotiated collective agreement labour changes were implemented successfully and, as a result of TELUS Sourcing Solutions' ability to automate over 92 percent of the changes, completed faster than any previous collective agreement within government.
- **\$95+ Million in Bonus Payouts Completed**
  - Bonus payouts for all eligible government employees were successfully completed in April/May 2006. More than 26,000 government employees received the signing bonus.
- **Successfully Upgraded the Kronos (Time on Line) Application**
  - In May 2006, the Kronos (Time on Line) application was successfully upgraded from version 4.3 to 5.1. The application is now more reliable and supportable and provides capability to introduce additional functionality inside the application.
- **Infrastructure Replaced**
  - The core technology infrastructure including web, storage area network, content switches, as well as the database and application servers, were all replaced. The improvements to the infrastructure have increased reliability and performance and provide additional protection of critical systems and disaster recovery.
- **Successful Transition of Accommodation and Real Estate Services**
  - In line with contract objectives, the Accommodation and Real Estate Services (ARES) Division was transitioned onto both the Oracle/PeopleSoft (CHIPS) and Kronos (Time on Line) applications in 2006, with 100 percent of the staff paid in the new environment.
- **New Job Posting Website Introduced**
  - Working with the BC Public Service Agency, a new job posting website was introduced in the fall of 2006. The website provides a single window into job opportunities within the B.C. public sector and is open to the public, having the highest volume of traffic of any website within government.
- **TSSI New Service Delivery Model Implementation**
  - Payroll services were reorganized to better align and gain efficiencies from industry standards and best practices, providing more effective and efficient customer service and improved accuracy.

- **Payroll Optimization Project**

- To maximize efficiencies, internal payroll processes were reviewed and opportunities for automation and streamlining were identified.
- A project was launched to reduce manual transactions / gain efficiencies surrounding the Electronic Data Action form utilized between the BC Public Service Agency and TELUS Sourcing Solutions Inc.

- **Occupational Health Management Systems**

- Key enhancements to the occupational health management applications were implemented in spring of 2006 to add new functionality and improve system performance.

### **Challenges:**

In 2006, two customer satisfaction surveys were completed: one in February and one in November. Overall results did indicate a decline in satisfaction levels in some areas; however, in the key area of pay and leave processing, satisfaction levels increased by five percent.

With two major upgrades to the Provincial HRMS primary applications of Oracle/PeopleSoft (CHIPs) and Kronos (Time on Line), the decrease in overall satisfaction levels is not unexpected. The HRMS Partnership Branch and TELUS Sourcing Solutions Inc. are working through the detailed results to develop a customer service improvement initiative that will target the areas of concern for our clients and lead to improved satisfaction across all our services.

### **3. Contract Objectives**

The alternative service delivery relationship as defined in the Master Services Agreement signed on November 9, 2004, includes a number of objectives summarized as follows:

- To develop a long-term and mutually beneficial business relationship characterized by, among other things, mutual cooperation, good faith and flexibility to allow for growth and modification of the scope of the services to leverage the BC Centre of Excellence;
- Full and open disclosure among the parties of relevant information, to the extent permitted by the policies of the Province, applicable laws and the Master Services Agreement;
- For the parties to proactively endeavour to identify and create the most cost-effective method for delivering the services as balanced against service levels;
- To provide certain services to the Province in a more flexible, sophisticated and efficient manner than previously experienced;

- To enable the Province to substantially reduce future capital investment in resources by having TELUS Sourcing Solutions Inc. be responsible for acquiring and maintaining the appropriate resources, assets and technology for the provision of the services;
- To allow the Province to focus on its core objectives – these being stewardship and leadership for human resource and payroll services in British Columbia – by having TELUS Sourcing Solutions Inc. become the provider and manager of the services;
- To leverage resources that TELUS Sourcing Solutions Inc. has access to, including any other TELUS Centres of Excellence in Canada;
- To protect the privacy and personal information of all individuals and organizations relating to the services, and to ensure that there are no circumstances pursuant to which any such information could be, or is, disclosed;
- To proactively practice and promote ethical practices;
- To be sensitive to and respect the cultural diversity of the individuals to whom TELUS Sourcing Solutions Inc. provides services pursuant to the Master Services Agreement;
- On the termination of the Master Services Agreement, transfer services back to the Province in a manner that is efficient and ensures the continued and uninterrupted delivery of such services with minimal adverse impact on the business operations of the Province and its clients, customers and stakeholders;
- To promote and facilitate self service of information whenever commercially reasonably possible; and
- For TELUS Sourcing Solutions Inc. to implement and provide continuous and total quality management and improvement to the services by using quality assurance practices and monitoring satisfaction of the Province and its clients, customers and stakeholders.

Collectively, the Province and TELUS Sourcing Solutions Inc. have successfully delivered results that demonstrate substantial progress toward the identified objectives (Appendix A). Efforts in support of the business objectives will be ongoing over the duration of the alternative service delivery relationship.

#### **4. Service Commitments**

The Provincial HRMS Partnership Branch, together with TELUS Sourcing Solutions Inc., provides innovative payroll and human resource information systems services to clients across government and the broader public sector. The Provincial HRMS Partnership Branch and TELUS Sourcing Solutions Inc. are committed to delivering accurate and responsive services that meet or exceed customers' needs and realize a vision of high-level client satisfaction, improved service and reduced costs.

To accomplish the vision, the following key service commitments have been defined (Appendix B):

- Timely and accurate pay for all employees, including processing of adjustments to pay such as overtime;
- Prompt, responsive and accurate assistance to clients through the Contact Centre; and
- Effective application management to ensure maximum availability of payroll and human resources system applications.

## Appendix A – Contract Objectives: Reporting on Results

The alternative service delivery relationship with TELUS Sourcing Solutions Inc. is guided by the objectives as set out in the Master Services Agreement signed November 9, 2004.

### Objective 1

To develop a long term and mutually beneficial business relationship characterized by, among other things, mutual cooperation, good faith and flexibility to allow for growth and modification of the scope of the services to leverage the BC Centre of Excellence.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>Continue the foundational work required to establish the business into a marketable entity.</li> </ul>	<ul style="list-style-type: none"> <li>Oracle/PeopleSoft (CHIPs) upgrade completed providing the flexibility to accommodate additional clients.</li> <li>Documentation underway to outline processes and procedures for offering and delivering services to new clients.</li> </ul>
<ul style="list-style-type: none"> <li>Identify opportunities to showcase services provided through the Provincial HRMS Partnership and TELUS Sourcing Solutions Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Joint participation in Shared Services Discovery Sessions to communicate and market available services.</li> </ul>
<ul style="list-style-type: none"> <li>Work with public sector and broader public sector clients to plan and implement services.</li> </ul>	<ul style="list-style-type: none"> <li>Accommodation and Real Estate Services successfully transitioned to payroll and human resources information systems.</li> </ul>

### Objective 2

Full and open disclosure among the parties of relevant information, to the extent permitted by the policies of the Province, applicable laws and the Master Services Agreement.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>Strengthen Key Performance Indicators</li> </ul>	<ul style="list-style-type: none"> <li>Client service-level agreements were prepared and distributed to government ministries for signature.</li> <li>Client service-level objectives were included in the client service-level agreements.</li> </ul>

### Objective 3

For the parties to endeavour to create the most cost-effective method for delivering the services as balanced against improved service levels.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>Continue to identify and implement opportunities to transform business processes and practices.</li> </ul>	<ul style="list-style-type: none"> <li>Review of internal payroll processes completed and areas for automation identified.</li> </ul>
<ul style="list-style-type: none"> <li>Encourage clients to utilize the functionality provided by the leave management system to realize cost savings and maximize system benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Planning or discussions underway with the government ministries not currently on Time on Line.</li> </ul>
<ul style="list-style-type: none"> <li>Human Resource Transformation Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Improvements made to the Electronic Data Action form process between the BC Public Service Agency and TELUS Sourcing Solutions Inc. Eliminates inefficiencies and expedites the human resource processes that impact payroll.</li> </ul>

### Objective 4

To provide certain services to the Province in a more flexible, sophisticated and efficient manner than the Province had been able to previously provide.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>Strengthen the operating infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Changes to support the 2006 B.C. collective agreements and Management Classification and Compensation Framework successfully completed. System changes were completed faster than any previous collective agreement changes within government.</li> <li>Negotiated bonuses provided to more than 26,000 employees for the first time.</li> <li>Prepared for the provision of ET4 (electronic T4s) for the 2006 tax year.</li> <li>Implemented a call centre methodology that provides faster response time, metrics tracking capability for root cause analysis, improved self-service functionality, and access to subject matter experts for timely assistance / issue resolution.</li> <li>Designed and implemented a Business Continuity Plan which allows TELUS Sourcing Solutions Inc. to leverage its national structure, capabilities and expertise, in the event of business interruption for any reason.</li> </ul>

## Objective 5

To enable the Province to substantially reduce future capital investment in resources by having TELUS Sourcing Solutions Inc. be responsible for acquiring and maintaining the appropriate resources, assets and technology for the provision of the services.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>• Upgrade and maintain business applications to support the delivery of payroll and human resource information functions.</li> </ul>	<ul style="list-style-type: none"> <li>• Oracle/PeopleSoft (CHIPs) upgrade from version 8.0 to 8.9 completed. Upgrade included the removal of unnecessary customization reducing the total cost of application ownership.</li> <li>• Kronos (Time on Line) upgraded from version 4.3 to 5.1 allowing for new functionality.</li> <li>• Planning for Siteminder authentication to support a single sign-on currently underway for all applications.</li> <li>• Core technology infrastructure replaced to improve reliability and performance:               <ul style="list-style-type: none"> <li>○ 57 servers reduced to 38 servers</li> <li>○ Servers placed on gigE backbone and migrated to TELUS IPs</li> <li>○ Purchase and implementation of advanced database servers to provide 24 x 7 architecture and redundant failover for all application databases</li> <li>○ Purchased and implemented one large (5TB) Hitachi SAN to replace 17 incongruous SANs with built-in multiple redundancies</li> <li>○ Tape backup replaced by a netbackup process on a GB backbone</li> <li>○ Kronos UNIX Web / Application tier replaced with Wintel tier</li> <li>○ All Wintel servers upgraded from either NT or Win Server 2000 to Win Server 2003</li> </ul> </li> </ul>

## Objective 6

To allow the Province to focus on its core objectives – these being stewardship and leadership for human resource and payroll services in British Columbia – by having TELUS Sourcing Solutions Inc. become the provider and manager of the services.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>TELUS Sourcing Solutions to provide thought leadership to the BC Public Service Agency to determine future direction of human resources management including application development and support.</li> </ul>	<ul style="list-style-type: none"> <li>In support of the BCPSA’s vision/strategy TELUS Sourcing Solutions Inc. provided the following services at no charge:               <ul style="list-style-type: none"> <li>Multi day review and analysis of the BCPSA Talent Management processes conducted to support the TELUS Talent Management strategy sessions</li> <li>TELUS Sourcing Solutions Inc. sponsored a strategy sessions for the BCPSA to share the TELUS Transformation Strategy and corporate TELUS Communications Inc. experience. Scope of this initiative included the TELUS Talent Management Strategy for Performance Management, Recruitment, Leadership Management, Succession Management, Key Performance Indicators, Return on Investment Analysis as well as the HR Portal enablement tool and Communications Strategy.</li> </ul> </li> <li>New job posting website was developed and deployed providing end users with improved functionality and application status communications.</li> <li>Further opportunities to expand services to the BC Public Service Agency being explored.</li> </ul>

## Objective 7

To leverage resources that TELUS Sourcing Solutions Inc. has access to, including any other TELUS Centres of Excellence in Canada.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"> <li>Research existing processes and procedures in Calgary and Ontario Centres of Excellence to determine best practices and implement where appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>TSSI National Services Delivery model to streamline payroll activities and improve accuracy implemented.</li> <li>Contact Centre and payroll operations reorganized to align with industry best practices.</li> </ul>

## Objective 8

To protect the privacy and personal information of all individuals and organizations relating to the services, and to ensure that there are no circumstances pursuant to which any such information could be, or is, disclosed.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>Regular internal security audit undertaken by TELUS Sourcing Solutions Inc.</li></ul>	<ul style="list-style-type: none"><li>Section 5970 audit completed to review and test operational controls and security.</li><li>Interim audit report (October 2006) indicates favourable results in all areas, a testament to TELUS Sourcing Solutions' ability to protect the Province's data.</li></ul>
<ul style="list-style-type: none"><li>Ensure TELUS Sourcing Solutions Inc. employees participate in multiple Privacy and Information Security Policy training sessions and sign related Confidentiality Covenants.</li></ul>	<ul style="list-style-type: none"><li>All TELUS Sourcing Solutions Inc. employees are required to participate in annual mandatory training sessions and have signed related Confidentiality Covenants.</li></ul>

## Objective 9

To proactively practice and promote ethical practices.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>TELUS Sourcing Solutions Inc.'s ethics standards identified and shared with all team members.</li></ul>	<ul style="list-style-type: none"><li>All TELUS Sourcing Solutions Inc. employees participate in and complete an annual ethics course.</li><li>TELUS Sourcing Solutions Inc.'s ethical standards, inherent to the operating culture are promoted and demonstrated at all levels of the organization.</li></ul>

## Objective 10

To be sensitive to and respect the cultural diversity of the individuals to whom TELUS Sourcing Solutions Inc. provides services pursuant to the Master Services Agreement.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>Cultural diversity is recognized and respected in the TELUS Sourcing Solutions Inc. sponsored employee engagement program.</li></ul>	<ul style="list-style-type: none"><li>TELUS Sourcing Solutions Inc. employee engagement activities have been undertaken throughout the year.</li></ul>

## Objective 11

On the termination of the Master Services Agreement, transfer services back to the Province in a manner that is efficient and ensures the continued and uninterrupted delivery of such services with minimal adverse impact on the business operations of the Province and its clients, customers and stakeholders.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>• Implementing standards and practices consistent with those of the Province, including technology.</li></ul>	<ul style="list-style-type: none"><li>• Current systems and process documentation maintained.</li><li>• Extensive monthly service level reporting.</li><li>• Technology upgraded.</li></ul>

## Objective 12

Promote and facilitate self service of information whenever commercially reasonably possible.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>• Expand the information available to employees through Employee Self Service.</li></ul>	<ul style="list-style-type: none"><li>• Planning underway to provide employees access to their T4 information through Employee Self Service.</li></ul>
<ul style="list-style-type: none"><li>• Look for opportunities to encourage employees to use Employee Self Service to access pay and leave information.</li></ul>	<ul style="list-style-type: none"><li>• Working with government ministries to encourage employees to view pay information online.</li><li>• Highlight the value of Employee Self Service to employees for timely and accurate information through Discovery Sessions and other communication venues.</li></ul>

## Objective 13

Use quality assurance practices, monitor satisfaction and improve the services.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none"><li>• Quality assurance programs implemented as an integral component of the TELUS Sourcing Solutions Inc.'s Service Delivery Model.</li></ul>	<ul style="list-style-type: none"><li>• Customer Service Surveys:<ul style="list-style-type: none"><li>▪ Payroll Services,</li><li>▪ Operations and applications management,</li><li>▪ Projects, and</li><li>▪ Training.</li></ul></li><li>• Buyer's Survey;</li><li>• Analytics relating to all aspects of the service offering; and</li><li>• Service Level Reporting.</li></ul>

## Appendix B - Service Commitments: Reporting on Results

The tables below outline some of the key service commitments critical to the successful operation of HR/Payroll systems and payroll processing services.

### Service Commitment 1

Timely and accurate pay for all employees including processing of adjustments to pay such as overtime.

Service Standard	Description	Results
All employees are paid accurately and on-time for each bi-weekly payroll.	<p>Employees are paid on a bi-weekly basis with 26 pay periods over the calendar year.</p> <p>In addition to their standard base pay, employees may also have additions or deductions to their pay including overtime, substitution pay, or sick leave.</p>	<ul style="list-style-type: none"> <li>Employees have been paid accurately and on-time for every bi-weekly pay period.</li> </ul>

### Service Commitment 2

Prompt, responsive and accurate assistance to clients through the Contact Centre.

Service Standard	Description	Results
<p>Clients receiving service through the Contact Centre can expect:</p> <ul style="list-style-type: none"> <li>Prompt and courteous service;</li> <li>Knowledgeable staff with the experience to resolve 80 percent of client calls at Tier 1; and</li> <li>Less than 8 percent of client calls abandoned.</li> </ul>	<p>The Contact Centre for Pay and HR Systems is the first point of contact for clients. Questions regarding pay, leave, benefits and job data are directed to the Contact Centre.</p> <p>The Contact Centre is responsible for providing first-line problem resolution to all clients by isolating, analyzing and resolving systems-related difficulties.</p>	<p>Within the last year:</p> <ul style="list-style-type: none"> <li>Two separate customer surveys reported high levels of satisfaction with Contact Centre courteousness.</li> <li>The number of incidents resolved by the Contact Centre at Tier 1 averaged 90 percent, well above industry standard.</li> <li>Client call abandonment rate has averaged just over 4 percent.</li> <li>Realignment of shift schedules to better manage peak times based on trended data.</li> <li>Ongoing analysis of half hour call arrival interval reports has been conducted.</li> </ul>

### Service Commitment 3

Effective application management to ensure maximum availability of payroll and human resources system applications.

Service Standard	Description	Results
<p>Software availability for gold applications including Corporate Human Resource Information and Payroll System for British Columbia (CHIPs), Corporate Human Resource Information and Payroll System Reporting Database (CHIPs RP), and Time on Line, must be maintained at a minimum of 98 percent.</p>	<p>TELUS Sourcing Solutions Inc. together with the Provincial Human Resource Management Systems Partnership branch maintains a number of payroll and human resources software applications. These applications must be available to clients in order to enter leave, process pay and conduct other business.</p> <p>Gold applications:</p> <ul style="list-style-type: none"> <li>• Employee information;</li> <li>• Corporate Human Resource Information and Payroll System for British Columbia (CHIPs);</li> <li>• Corporate Human Resource Information and Payroll System Reporting Database;</li> <li>• Time on Line; and</li> <li>• Benefits Imaging.</li> </ul>	<ul style="list-style-type: none"> <li>• Service standard for Corporate Human Resource Information and Payroll System for British Columbia (CHIPs), Corporate Human Resource Information and Payroll System Reporting Database (CHIPs RP) and Time on Line has been exceeded every month with availability for all applications averaging 99.6 percent availability.</li> </ul>