

Payroll Operations and Information Management and Payroll Services

Alliance Management Office Report - November 2005

Report Against Project Goals

1. Initiative Overview

Through the use of innovative relationships with the private sector, government is transforming the delivery of non-core public services to a more cost effective and efficient model. This new Alternative Service Delivery method is a key mechanism for realizing government's vision to focus on core government services and deliver value to the people of the Province of British Columbia.

In November 2004, the Province of British Columbia and TELUS Sourcing Solutions Inc. entered into a long-term Alternative Service Delivery relationship to deliver government's payroll services and manage the payroll and government human resource services technology infrastructure. The objective of the partnership is to deliver efficient, effective services that meet or exceed the standards of quality expected by clients and customers. These services are delivered to approximately 30,000 employees in more than 40 government ministries, agencies and Crown corporations.

TELUS Sourcing Solutions was selected as the service provider to provide payroll and human resource technology services because it was able to demonstrate that it could deliver and achieve the following:

- A transfer of financial and operational risk from government to the service provider;
- A transfer of important but non-core government services to the service provider with retained government human resource employees focusing on strategy and policy design;
- Realization of benefits through the relationship including cost reduction and investment by the service provider;
- Provide similar services to other public sector organizations leveraging the benefits realized from the cost reductions and investment made by the service provider; and
- Grow and expand the services to other public sector organizations in the province.

TELUS Communications Inc., an affiliate of TELUS Sourcing Solutions, is assisting TELUS Sourcing Solutions in achieving its objectives through, among other things, the development of technology solutions and marketing the services.

Over the longer-term the strategic vision includes enhanced human resources and payroll services capabilities and improved service delivery to not only government employees but to the broader public sector employees in the province.

This report reflects the events of the first year in which:

- Transition from the Province to TELUS Sourcing Solutions has been completed including relocation and consolidation to a new Centre of Excellence (service delivery centre);
- Operations and technology infrastructure have been stabilized post-transition;
- Service commitments are in place and being reported on and refined;
- Groundwork has been established to begin positioning the business into a marketable entity; and
- The promised savings to the Province were realized.

2. Status Update

Highlights from the first year include:

- **Overall Cost Savings to the Province of B.C.**
 - A savings to the province of \$1.2M has resulted from the TELUS Sourcing Solutions fee structure for the delivery of the services. These first year savings to the Province are in line with the declining annual fees payable over the term of the Master Services Agreement.
- **Staff Transition**
 - In November 2004, offers of employment were extended to all existing B.C. government staff delivering the services. Over 95 percent (153 staff) of eligible staff transferred to TELUS Sourcing Solutions. Team member remuneration and benefits continue at levels substantially equal to or better than previously enjoyed. The transition was extremely successful with no resulting labour issues.
- **Service Commitments**
 - Service delivery commitments are defined, measured and reported monthly - providing proof of quality improvements and service enhancements. The majority of the service commitments from TELUS Sourcing Solutions were not previously measured or reported by the Province.
 - Payroll and leave input was automated with the deployment of the “Time On Line” data collection system that eliminated manual collection and processing of 700,000 forms annually.
- **Data Centre Move**
 - In February 2005, 54 critical application servers for the delivery of the services were moved to a secure, local TELUS data centre. The move was completed on time with zero errors or unplanned outages. A secondary off-site disaster-

recovery processing centre was deployed as part of an enhanced business continuity plan.

- **Opening of new BC Centre of Excellence**

- In March 2005, separate service delivery locations and offices were brought together to deliver services from a consolidated new TELUS Sourcing Solutions location. Services previously delivered from the separate locations now benefit from operating as one unit at a completely new custom built facility. Establishment of the BC Centre of Excellence in Saanichton has maintained valuable hi-tech jobs and the related economic benefit within the British Columbia economy as well as increasing efficiency of the operations.

- **Contact Centre**

- In April 2005, TELUS Sourcing Solutions implemented a single point of contact telephone number for the delivery of the services. Systems used to measure call volume and response times indicate better than industry standards for response and resolution. Creation of new service delivery metrics and Key Performance Indicator processes are facilitating trend analysis and demonstrating significantly improved services.

- **Post Election Ministry Changes**

- In July 2005, a number of ministries were reorganized and some were amalgamated. As a result, more than 2,700 provincial employee transfers were handled as part of the government organizational realignment. TELUS Sourcing Solutions assembled a dedicated team to accommodate the necessary adjustments and transactions and results indicated that services were delivered in a highly efficient manner.

- **TELUS Sourcing Solutions Management Team**

- Throughout 2004 and 2005, TELUS Sourcing Solutions created and filled a number of senior level positions for the provision of services to the Province. The individuals selected to fill these positions bring exceptional industry expertise to complement the existing team and lead the transformation of the on-going operations. The positions included:
 - a General Manager;
 - a Service Manager;
 - a Contact Centre Manager; and
 - a Business Development Specialist.

Challenges:

In 2002, Solutions BC, with assistance from a third party, began implementing Time On Line to streamline and automate scheduling, payroll and leave processes. The transition to using Time On Line was acknowledged by participating ministries and the project team as challenging. The

new process was seen as complex and represented a substantial change for all employees, managers and executive.

In May 2005, the project was closed as a work-in-progress and responsibility for the necessary stabilization and continuous improvement of the application was transferred from the Province to TELUS Sourcing Solutions. Following the transfer, TELUS Sourcing Solutions initiated a number of processes to stabilize the system. Additionally, through training and experience, users of the Time On Line system have had the opportunity to learn more about the system functionality and adjust to the changes in business practices resulting from the introduction of Time On Line. TELUS Sourcing Solutions has contributed an enormous effort in the form of dedicated service teams, hardware upgrades, and system and process design improvements through the first year that have had a positive impact on the overall customer experience. Recent informal feedback suggests that users are now becoming more familiar with the system and, although a formal survey has not yet been conducted, general satisfaction levels are improving. Planned and required Time On Line system upgrades and improvements are expected to continue to increase overall user satisfaction.

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;
- The parties will 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 the Province had been able to provide previously;
- To enable the Province to substantially reduce future capital investment in resources by having TELUS Sourcing Solutions 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 become the provider and manager of the services;
- To leverage resources that TELUS Sourcing Solutions 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 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 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 have successfully delivered results that show 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 Human Resource Management Systems Partnership Branch together with TELUS Sourcing Solutions provides innovative payroll and human resource information systems services to clients across government and the broader public sector. The Provincial Human Resource Management Systems Partnership Branch and TELUS Sourcing Solutions are committed to delivering accurate and responsive services that meet or exceed customers' needs and realizing a vision of maintaining a high-level of client satisfaction, improving service and reducing 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 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"> • On November 15, 2004, full responsibility for HR/Payroll systems, and payroll process services was transferred to TELUS Sourcing Solutions. 	<ul style="list-style-type: none"> • As of the transfer date, TELUS Sourcing Solutions has delivered the services to the province for a fixed annual fee that declines over the 10-year life of the contract; and • A joint sales and marketing strategy is collaboratively being developed.

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"> • Service Level Reporting analyses and reviews the performance of 16 Essence of Business measures/metrics and 31 other measures/metrics; and • Annual external audit (CICA 5900) provided by TELUS Sourcing Solutions for the benefit of the Province. 	<ul style="list-style-type: none"> • Monthly Service Level Reports demonstrate service performance; • First year audit currently in progress; and • Provincial Human Resource Management Systems Partnership Branch's audit is currently in progress.

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"> • Numerous business transformation activities have been undertaken in the first year of operation. 	<ul style="list-style-type: none"> • New strategies developed and implemented to varying degrees for: <ul style="list-style-type: none"> ○ Service Delivery Model; and ○ “Gateway” web portal. • Six Sigma process improvement projects; • Call Centre system upgrades; and • Support for Time On Line application.

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">• Amalgamation of multiple service delivery locations; and• Single telephone number to call for all services.	<ul style="list-style-type: none">• Four service delivery locations were combined into one Centre of Excellence at Gateway Village on Keating Cross Road in Saanichton, B.C.; and• Automatic call distribution system deployed to route calls and collect metrics for trend analysis and service improvements.

Objective 5

To enable the Province to substantially reduce future capital investment in resources by having TELUS Sourcing Solutions 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">• Fixed price agreement includes hardware refreshes, system upgrades, appropriate resource application and system enhancement initiatives.	<ul style="list-style-type: none">• Strategy implemented to bring existing hardware up to current standards; and• Multiple significant system application upgrades started:<ul style="list-style-type: none">○ Prioritized and reported in an Annual Operating Plan jointly developed.

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 become the provider and manager of the services.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none">• Employees, assets, and service delivery responsibilities and all associated costs were transferred from the Province to TELUS Sourcing Solutions on November 15, 2004.	<ul style="list-style-type: none">• 153 Provincial employees transferred to TELUS Sourcing Solutions for the provision of Application Management, Payroll Transaction, Benefits and Contact Centre services;• Ten provincial employee positions filled, comprising the Provincial Human Resource Management Systems Partnership Branch, to manage the relationship and foster stewardship within the province customer base;• Some of the business processes and application management responsibilities undertaken by TELUS Sourcing Solutions include:<ul style="list-style-type: none">○ Operational delivery of payroll services;

Objective 6 continued

Activities (undertaken to achieve goal)	Results (Year-To-Date)
	<ul style="list-style-type: none"> ○ Operational delivery of application maintenance and development services; ○ Benefits enrolment, maintenance and support services; ○ Contact Centre support services; ○ Data integrity; ○ Pension administration; ○ Maintenance of web based, end user documentation; ○ Delivery of reports or data as requested by the Provincial Human Resource Management Systems Partnership Branch; ○ Project management services; ○ Maintenance of compliancy to policies, collective agreements, legislation, financial control requirements; ○ Automated core business and vendor, financial interfaces; ○ Internal business transformation; ○ Service level reporting; ○ Customer satisfaction surveys; ○ Training and certification programs; and ○ Development and delivery of: <ul style="list-style-type: none"> ▪ Annual Operating Plan (collaboratively with the Provincial Human Resource Management Systems Partnership Branch); ▪ Rolling Strategic Plan (collaboratively with the Provincial Human Resource Management Systems Partnership Branch); ▪ Go to Market Plan (collaboratively with the Provincial Human Resource Management Systems Partnership Branch); ▪ Disaster Recovery / Business Continuity Plan; and ▪ Additional plans as identified by the agreement.

Objective 7

To leverage resources that TELUS Sourcing Solutions 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">• TELUS Sourcing Solutions resources are currently involved in all aspects of the business transformation.	<ul style="list-style-type: none">• Application servers moved to secure TELUS site in Victoria;• Application Support moved from independent vendor to TELUS/ITI systems and architecture;• National business continuity plan implemented;• Off site disaster recovery centre established at TELUS site in Calgary;• TELUS Sourcing Solutions business development strategy implemented to support mandated growth model;• TELUS Sourcing Solutions contact centre experience implemented; and• TELUS Sourcing Solutions organization structure includes a National Technology Management team.

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">• Office of the Chief Compliance and Security Officer established in TELUS Sourcing Solutions.	<ul style="list-style-type: none">• All TELUS Sourcing Solutions employees have participated in multiple Privacy and Information Security Policy training sessions and have reviewed and signed related Confidentiality Covenants; and• Regular internal security audit undertaken by TELUS Sourcing Solutions.

Objective 9

To proactively practice and promote ethical practices.

Activities (undertaken to achieve goal)	Results (Year-To-Date)
<ul style="list-style-type: none">• TELUS Sourcing Solutions ethics standards identified and shared with all team members.	<ul style="list-style-type: none">• TELUS Sourcing Solutions' ethical standards are promoted and demonstrated at all levels of the organization as part of the operating culture; and• All TELUS Sourcing Solutions' team members have participated and successfully completed an extensive e-Ethics training session.

Objective 10

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

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

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">Implementing standards and practices consistent with those of the Province including technology.	<ul style="list-style-type: none">Current systems and process documentation maintained;Extensive monthly service level reporting; andTermination Assistance Plan documented to facilitate repatriation.

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">Employee Self Service currently in place on multiple systems.	<ul style="list-style-type: none">Additional self service initiatives documented in jointly prioritized Annual Operating Plan.

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">Quality assurance programs implemented as an integral component of the TELUS Sourcing Solutions Service Delivery Model.	<ul style="list-style-type: none">Customer Service Surveys:<ul style="list-style-type: none">Payroll Services;Operations and applications management;Projects; andTraining.Analytics relating to all aspects of the service offering; andService Level Reporting.

Appendix B

SERVICE COMMITMENTS: Reporting on Results

The tables below outline some of the key service commitment 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 biweekly 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"> Employees have been paid accurately and on-time for every bi-weekly pay period.

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"> Prompt and courteous service; Knowledgeable staff with the experience to resolve 80 percent of client calls at Tier 1; and, 8 percent or less of client calls to be abandoned. 	<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"> The maximum wait time for callers has been reduced by 50 percent; Improved training, Employee Self-Service processes and Contact Centre Support has resulted in a 30 percent reduction of total calls; The number of incidents resolved by the Contact Centre has averaged 91 percent; Customer Service support and training has translated to a 30 percent reduction in the number of incidents; Process improvements have resulted in shorter wait times and a 92 percent reduction in rate of abandoned calls; and

		<ul style="list-style-type: none"> Improved training of Contact Centre advisors has resulted in an 83 percent improvement in the average speed of answer.
--	--	--

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, Corporate Human Resource Information and Payroll System Reporting Database, and Time On Line, must be maintained at a minimum of 98 percent.</p> <p>Software availability for silver applications including, Occupational Health Management Disability Data Management Application and E-Class maintained at 95 percent.</p>	<p>TELUS Sourcing Solutions 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>Applications are classified as gold:</p> <ul style="list-style-type: none"> Employee information; Corporate Human Resource Information and Payroll System for British Columbia; Corporate Human Resource Information and Payroll System Reporting Database; Time On Line; and Benefits Imaging. <p>Or silver:</p> <ul style="list-style-type: none"> Occupational Health Management; Disability Data Management Application; Public Employee Community Service Fund; E-Class; Workforce Adjustment; HR Charter; Staging Database; Postings Activity Application; 	<ul style="list-style-type: none"> Service standard for Corporate Human Resource Information and Payroll System for British Columbia, Corporate Human Resource Information and Payroll System Reporting Database and Time On Line has been exceeded every month with one exception in April 2005. One application was temporarily unavailable over a single weekend. The problem was addressed with no further recurrence; Service measure for benefits imaging, Occupational Health Management, Disability Data Management Application has been exceeded with 99 – 100 percent availability; and,

	<ul style="list-style-type: none">• Training Corporate Human Resource Information and Payroll System;• Business Intelligence/Cognos;• Labour Relations Arbitration Application;• Severance Queries; and• Job Posting/Queens Printer System.	
--	---	--