

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

794



FROM: Executive Office

SUBMITTAL DATE:
August 3, 2010

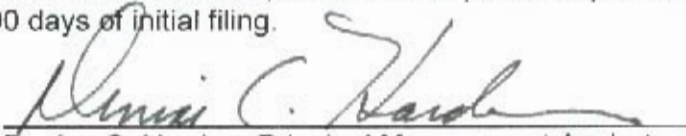
SUBJECT: Response to the 2009/10 Grand Jury Report: County of Riverside – Online Administrative Services Information System (OASIS)

RECOMMENDED MOTION: That the Board of Supervisors:

- 1) Approve with or without modifications, the attached response to the Grand Jury's recommendations regarding the County of Riverside Online Administrative Services Information System (OASIS); and,
- 2) Direct the Clerk of the Board to forward immediately the Board's finalized response to the Grand Jury, the Presiding Judge, and with the County Clerk-Recorder for mandatory filing with the State.

BACKGROUND: On July 13, 2010, the board directed staff to prepare a response to the Grand Jury's report regarding the County of Riverside's Online Administrative Services Information System (OASIS).

Section 933(c) of the Penal Code requires that the Board of Supervisors comment on the Grand Jury's recommendations pertaining to matters under the control of the Board, and that a response be provided to the Presiding Judge of the Superior Court within 90 days of initial filing.


Denise C. Harden, Principal Management Analyst

FINANCIAL DATA

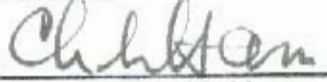
Current F.Y. Total Cost:	\$ NA	In Current Year Budget:
Current F.Y. Net County Cost:	\$ NA	Budget Adjustment:
Annual Net County Cost:	\$ NA	For Fiscal Year:

SOURCE OF FUNDS: NA

Positions To Be Deleted Per A-30	<input type="checkbox"/>
Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: 
Christopher M. Hans

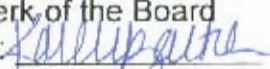
County Executive Office Signature

3)

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Ashley, seconded by Supervisor Benoit and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone, Benoit and Ashley
Nays: None
Absent: None
Date: August 10, 2010
xc: EO, OASIS, Grand Jury, Presiding Judge, ACR(2)

Kecia Harper-Ihem
Clerk of the Board
By: 
Deputy

Dept Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 3.11 – 07/13/10 | **District:** All | **Agenda Number:**

3.7

FINDINGS:

Finding Number 1:

In November 2009, an update to the PeopleSoft payroll software was not tested thoroughly by the OASIS staff. As a result, the normal bi-weekly county payroll of \$29 million soared to \$53 million. Employees with direct deposit were overpaid twice, then saw the money disappear twice, and finally the correct amount was deposited. The county, working through its bank, recalled the erroneous amounts.

The payroll incident highlighted an ongoing problem that user departments have with OASIS. According to testimony, OASIS staff was negligent in not fully testing many computer upgrades and patches. For example, after a recent update, functionality that had existed ceased to be. Users complained about not being involved in the testing to make certain that everything worked as before. OASIS staff tried to return the lost functionality, but in some cases they were not successful.

Moreover, the customer service provided by OASIS has ranged from good to poor, according to a survey conducted by OASIS in January 2010. User department have complained about the delays in correcting reported problems and responding to requests for system enhancements.

Response:

- X Respondent agrees with the finding.

The payroll incident in November 2009 revealed lapses in judgment and supervisory oversight of the proscribed testing process by certain OASIS staff. The human resources department conducted investigations, and appropriate actions were taken. Additional provisions were made to enable both the auditor-controller's office and human resources department to participate more fully in the testing process.

Finding Number 2:

The first step in preparing the county's bi-weekly payroll involves employees entering their time and labor. For some employees, the process is simple and straightforward. Others, however, have a much more complicated task. For example, if an employee is paid from the proceeds of multiple grants, there must be entries for the time spent for each grant. In addition, the county's land-use planners have a procedure similar to attorney billing. For instance they must allocate their daily work to individual planning proposals so that a developer is properly charged for work performed on a subdivision. All but two of the county's 52 departments have come up with procedures to record time and labor. Many use a spreadsheet initially to record information. After a supervisor has approved a printout, a clerk re-enters the information into PeopleSoft. In one office with about 220 employees working on multiple grants, the re-entering takes a clerk three days to complete.

Response:

- Respondent disagrees partially with the finding.

All county departments have procedures to record time and labor. Some departments choose to have their staff enter their time directly into the payroll system. Most do not. This was a choice left to each department to decide based on their cost-benefit analysis of their needs and options.

Finding Number 3:

In the modern business world, money is moved electronically. Employees of larger companies and government entities are paid with direct deposit of funds. The federal or state government electronically moving the amount to a taxpayer's account pays many income tax refunds.

The auditor-controller's office still pays the county's bills by writing checks, known as warrants, and then mailing them. In addition, the treasurer-tax collector must send check to invest money and to pay amounts owed. The treasurer estimates the county loses between \$13,699 to \$41,096 per day, depending on the prevailing interest rate, by using checks instead of electronic transfer when the department invests money. The treasurer contends that money could be held longer, and invested longer, but still be paid on time with electronic fund transfer.

OASIS and the county's auditor-controller's office are now testing a pilot project to pay cities and special district electronically their shares of property taxes. The testing of the PeopleSoft software is expected to be completed by July 1, 2010.

Response:

- Respondent disagrees partially with the finding.

It is true much money does move electronically in both the governmental and private sectors. This is the case with the county treasurer, who currently uses wire transfers to move money for investing, and ACH for certain transfers of money to the state. However, it is also true that much business in both the public and private sectors is still transacted via check. It is a goal of the county to move toward electronic funds transfer to the greatest extent possible as quickly as possible, recognizing this method of payment will not replace paper warrants in all cases. OASIS has been ready to implement this process since fall of 2009, and the pilot project went live in early June 2010 in which certain property tax apportionments will be made by EFT to voluntary participants.

Finding Number 4:

Testimony revealed that one of the undelivered promises by OASIS was a paperless purchasing process. Vendors could register electronically in order to be included in all appropriate county-bidding opportunities. When the county wanted to purchase something, all bidders who carry the item would be notified electronically of the process. Bids would be submitted electronically, and the

best bid selected. After the county takes possession of the item, the vendor would be paid through and electronic funds transfer.

Currently the purchasing department maintains a list of bidders. When the county wants to purchase something, bid specifications must be mailed and in some cases, published as a legal notice. After a successful bid and after the product or service has been delivered, the vendor must wait for the county to send a payment check. The payment can take as long as 90 days.

The purchasing department has been told by OASIS unit that there is a paperless purchasing module that could be installed at a cost of \$400,000, but the purchasing department is currently testing a different online paperless procurement system that costs nothing. For a fee of \$20,000 the vendor would provide the programming needed to interface the online system to PeopleSoft.

Response:

- X** Respondent disagrees partially with the finding.

The purchasing department is not pursuing the alternative discussed above. OASIS is developing a web vendor portal that is in final testing. Once user acceptance testing is completed by the purchasing department, it is expected to go live in August 2010. OASIS and the purchasing department plan to pursue the PeopleSoft eProcurement and other related modules once the county's budgetary position improves.

RECOMMENDATIONS:

Recommendation Number 1:

The county executive office should eliminate OASIS, turning over the financial and payroll functions to the county auditor-controller, the county's accountant, and turning over the human resources system to the human resources department. The major users including the auditor-controller's office, the human resources department and the purchasing department should collaborate to oversee the PeopleSoft system, including the thorough testing of upgrades and patches.

Response:

- X** The Recommendation will not be implemented because it is not warranted or is not reasonable.

Both the OASIS financial, payroll and human resources components of the system and the operational team are each too tightly integrated to break apart as suggested above. Furthermore, an executive-level collaborative governance committee already exists that includes the auditor-controller, human resources director, and purchasing director as well as executives from the county executive office and the OASIS director.

Recommendation Number 2:

Employees countywide should be trained to use the timecard software to enter their time and departments should incorporate the procedure as soon as practical. Departments will save money and free up clerks for other duties.

Response:

- X The Recommendation will not be implemented because it is not warranted or is not reasonable.

Where feasible, the executive office encourages all departments to maximize the functionality of OASIS. However, there are many reasons it may not be feasible or cost effective for many departments to have every employee enter their time directly, and in fact having central clerks do the data entry may be the most efficient and cost effective option. These were factors considered and evaluated by each department when OASIS was implemented.

A significant percentage of county employees do not sit at desks with computers, and many county employees do not use personal computers at all as a routine part of their job. While such employees may work in a technological environment or have access to computer equipment, they may not work in an environment connected to the financial system. Examples include road crews, nurses, and sworn officers.

The costs of providing the equipment and connectivity required for every county employee to enter their time directly into the payroll system, and to ensure quality control, are in most cases greater than the cost of paying a payroll clerk to enter the time every two weeks.

Consequently, the decision and responsibility for implementing direct time entry rests with each department. Mandating direct time entry countywide would be considered if recommended by the county auditor-controller, who oversees the payroll process.

Recommendation Number 3:

The PeopleSoft electronic transfer software package should be implemented for all county departments that pay bills. Vendors would be paid in a more timely fashion with the county using less labor and no postage to pay a bill.

Response:

- X The recommendation has been implemented.

As discussed above, the pilot for this went live in early June 2010.

Recommendation Number 4:

The county should proceed with the online paperless procurement system to save money.

Response:

- X The recommendation requires further analysis.

Although this is generally a good idea on which both OASIS and the purchasing department want to move forward, current financial constraints prohibit installation of any new system modules at this time. When the county's financial position improves adequately, this need will be evaluated and prioritized against all other competing OASIS systems needs. This purchasing module will be considered on recommendation of the purchasing director, and when he and OASIS can identify availability of adequate funding to implement and operate it.