

# Payroll Closeout Report



# AGENDA

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- Background
- Payroll Improvements
- Outstanding Items
- Conclusion

# BACKGROUND

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- This report provides a summary of the progress made in payroll operations since Human Resources assumed responsibility on March 9, 2025.
- It highlights key challenges at the time of transition, improvements implemented, and the current state of payroll operations.

# PAYROLL IMPROVEMENTS

Category	Prior to Transition	After Transition
Team and Training	Limited team training	Team cross-trained
	Low team morale	Higher team morale and inclusion
	Unaware of other team duties	Clear division of duties with established back-up for each duty
Processes and Documentation	Limited and outdated process guides	Desk procedures created
	Unaware of major deadlines and payments	Annual Payroll task calendar established
Communication and Support	Departments felt unsupported	Bi-weekly department meetings with payroll and department representative for training, to review payroll errors, and to discuss challenges they have so we can work towards making improvements. Receiving positive feedback from departments.
	Citywide communication lacking	Prompt responses from payroll to departments and sends proactive communication to appropriate groups
Accuracy and Error Reduction	CalPERS errors around 700-900 per pay period	CalPERS reporting errors are minimal but are common. All appropriate steps are taken to try to prevent payroll errors from occurring. Some common errors may include employees hitting their contribution limit, personnel action changes coming through after payroll was processed, and human error. Common errors like missing hours can still occur if time is entered incorrectly on timecards in Time and Attendance. The average time to work through errors has been reduced from about two weeks to two days.
Audits	Payroll did not review and approve Personnel Action Entry (PAE) changes prior to payroll posting	The approval workflow will be updated to have payroll serve as the final approver for all personnel action changes to catch errors prior to posting. If errors are identified, Payroll can correct, reject, and work directly with the departments to address prior to posting.
Compliance Reporting and Payments	Limited or inconsistent adherence to State and Federal payroll reporting leading to incurred fees and penalties in the amount of \$7,426.74.	All outstanding State and Federal reports were compiled and submitted. Payroll submitted waivers to eliminate or reduce penalties which were denied. Payments were processed timely to reduce potential interest and additional fees. Payroll has created standardized payroll procedures and internal review processes to ensure compliance and timely reporting.

# PAYROLL IMPROVEMENTS

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Issues	Actions Taken	Status/ Result
<b>Employees received paper paychecks for their first pay cycles.</b>	Collaborated with consultants to establish pre-note processing prior to payroll runs. Pre-notes are now executed every Monday.	<b>Complete</b> – Employees now receive direct deposit for their first paycheck, when applicable.
<b>Acting Pay and Special Assignment Pay not generating in payroll warrants.</b>	Worked with consultants to update setup screens and warrant defaults in Munis.	<b>Complete</b> – Acting and Special Assignment Pay items set up correctly in the system and process accordingly.
<b>Munis system missing data required to generate mandated Government Compensation Report.</b>	Partnered with consultants to retrieve and import missing data from a non-refreshed test environment into production.	<b>Complete</b> – All required data is now available in the system and archived in SharePoint. The next annual report can be generated without issues.
<b>CalPERS codes not reporting properly to CalPERS.</b>	Collaborated with consultants to correctly configure reporting codes within Munis.	<b>Complete</b> – Reporting errors to CalPERS have been corrected. Common errors may occur but will be addressed once identified.
<b>Employee reimbursements were delayed for several months.</b>	Coordinated with consultants and Administrative Services to develop reimbursement processes to ensure employees were paid timely.	<b>Complete</b> – All outstanding employee reimbursements have been processed. Going forward, employee reimbursements will be processed through Accounts Payable.
<b>Quarterly tax reporting was delayed, resulting in penalties and interest.</b>	Worked with consultants to develop process documentation and completed all outstanding tax payments and reports.	<b>Complete</b> – Reporting is now current. The team continues to meet deadlines.
<b>Payroll not posted to General Ledger since January 2023. Posting to the General Ledger was occurring via import instead of within the system.</b>	Collaborated with consultants, Administrative Services, and departments to resolve outstanding issues, address reporting errors, and implement capabilities within the system.	<b>Complete</b> – All outstanding payroll reports were successfully posted to the General Ledger, and we are currently up to date. Payroll reports are now posted directly through the MUNIS system, and no manual imports are required.

# OUTSTANDING ITEMS

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Issues	Actions Taken	Status/ Result
<b>Munis system unable to process mid-pay period pay rate changes.</b>	Partnering with consultants to identify temporary solutions for processing MOUs requiring mid-pay period rate changes.	<b>In Progress</b> – Workarounds are in place, but system configuration is still incomplete. Consultant contract was extended to provide support to finalize this fix.
<b>Time and Attendance – overtime rules</b>	All overtime rules were deleted in Time and Attendance by previous administration team prior to bi-weekly payroll transition September of 2024.	<b>In Progress</b> - The Payroll team is rebuilding the city-wide Time & Attendance system. The team has started building overtime rules for different schedule types in the train environment. Currently we have built and tested three types of schedules (4/10s, 5/40s, and 12-hour shifts). 9/80 schedule is still in testing mode. Payroll is currently working with MUD Timekeepers to review and test the various schedules for their department. After overtime rules are built and implemented in MUD, we will build rules with other departments – PW, HR, CSD, CDD, EDD, IT, CAO, CMO, ASD. Safety departments will come after as they have more complex schedules.

## CONCLUSION

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The Payroll team has worked diligently with vendors and departments to address outstanding issues, reduce payroll errors, and improve collaboration with departments and employees. Though common payroll errors may occur, the team has successfully addressed system set up errors to decrease ongoing reoccurring issues that were negatively impacting employees. Payroll operations have demonstrated significant progress in team development, efficiency, accuracy, knowledge, and departmental support.

As we move forward, the focus will remain on strengthening these foundations through continued process improvements, system enhancements, and ongoing training to ensure long-term sustainability and operational excellence.

# QUESTIONS

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