

Supplementary Budget – Briefing Note

2022 Budget

Human Resources Information System (HRIS)

Briefing Note required for:

-items +/- \$50,000 or more

-changes in FTE

-Council Priority requests

Dept	Division	Item	Base Supp	Amount	FTE Impact
CS	HROD	Human Resources Information Systems (HRIS)	Base	\$107,271	1.00
		Total Base		<u>\$ 107,271</u>	<u>1.00</u>
CS	HROD	Human Resources Information Systems (HRIS)	Supp	\$1,832,946	3.00
CS	HROD	Funding from Employee and Labour Relations Reserve	Supp	(\$1,832,946)	
		Total Supp		<u>\$ 0</u>	<u>3.00</u>

Background:

On December 6, 2021 Council approved the following motion under the consent agenda:

1. The Human Resources Information System (HRIS) Project Implementation Plan be received.
2. A Human Resources Information System (HRIS) Team consisting of 4.0 FTEs (3 temporary and 1 permanent) in Information Technology & Transformation be considered during the 2022 budget deliberations.
3. The required supplemental and base budget to implement the Human Resources Information System (HRIS) be considered during the 2022 budget deliberations.

The Report to Council is attached to this briefing note (Appendix A).

Various stand alone systems have been used since amalgamation to manage HROD functions such as a Learning Management System (LMS), leadership development and succession databases, time and attendance tracking, performance review tracking. Many of these systems have reached end of life. Rather than replace each system individually, the goal is to purchase an HRIS platform with integrated modules to maximize efficiency, enhance functionality, and reduce overall system and licencing costs.

Enhanced functionality gained through the new modules is anticipated to reduce some liabilities. Improved performance management could reduce expenditures from the Corporate Severance and Severance for Frustrated Contracts reserves. Improved time and attendance tracking and reporting could reduce expenditures from the Corporate Sick Leave reserve.

Comment:

Current base budgets for annual user licences are available to migrate from the old systems to the new system. As well, some one-time project costs can be covered through previously approved supplemental budget items for a new performance management system.

Background:

Procurement and implementation of a new HRIS platform to support the integrated modules will require additional one-time funding for software purchase, product customization, integration with existing systems, consultants, and ITT support (3.0 temporary FTEs). At this time, we estimate the one-time costs to be no greater than \$1,832,946 as detailed in the table below. Costs will be further defined through the RFP process.

HRIS sustainment will require base budget funding of 1.0 FTE at \$107,271:

- Business Solutions Analyst, Grade 8.6 – 0.50 FTE
- Applications Administrator, Grade 8.5 (MAG) – 0.25 FTE
- Cloud and Systems Administrator, Grade 8.5 (MAG) – 0.25 FTE

HRIS Project Implementation Costs

Project Task	HRIS Platform	Learning Management System	LDP/ Succession	Performance Management	Time & Attendance	Case Management	Project Total
Process Analysis	\$100,000	\$100,000	\$50,000	Completed internally	\$100,000	\$40,000	\$0
System Purchase	\$408,252	\$80,000	\$30,000	Funding previously approved	\$80,000	\$30,000	\$0
System Set-up and Implementation	\$100,000	\$100,000	\$50,000	Funding previously approved	\$200,000	\$40,000	ITT Support \$324,694
Project Total	\$608,252	\$280,000	\$130,000	\$0	\$380,000	\$110,000	\$1,832,946
Sustainment	\$107,271	\$0	\$0	\$0	\$0	\$0	\$1,940,217

It is recommended that the one time implementation costs of \$1,832,946 be covered through the Employee and Labour Relations Reserve.

Municipality Of Chatham-Kent
Finance, Budget, Information Technology & Transformation
& Corporate Services
Information Technology & Transformation (ITT)
& Human Resources and Organizational Development

To: Mayor and Members of Council

From: Catherine Fitzgerald, Director, ITT
Marianne Fenton, Manager, HR Strategy & Workplace Culture

Date: November 22, 2021

Subject: Human Resources Information System (HRIS) Project Implementation

Recommendation

It is recommended that:

1. The Human Resources Information System (HRIS) Project Implementation Plan be received.
2. A Human Resources Information System (HRIS) Team consisting of 4.0 FTEs (3 temporary and 1 permanent) in Information Technology & Transformation be considered during the 2022 budget deliberations.
3. The required supplemental and base budget to implement the Human Resources Information System (HRIS) be considered during the 2022 budget deliberations.

Background

On May 27, 2019 Council approved a \$725,000 [Provincial Efficiency Grant](#) be received from the Province to fund projects which will result in future efficiencies and savings to Chatham-Kent taxpayers. This one-time, unconditional grant was to allow small and rural municipalities to make strategic investments to improve service delivery and create efficiencies.

The Executive Management Team (EMT) considered many projects for this grant and their recommendations all related to finding efficiencies in administration and saving a great deal of staff time. One of the projects approved by Council included \$300,000 for implementation of an on-line, modern system for staff performance reviews. Within that report and subsequent briefing note, it was identified that ensuring efficient completion

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of performance reviews improves employee and supervisor productivity while freeing up resources in Human Resources and Organizational Development (HROD). Annual time savings, once implemented, was estimated at \$166,750 to reinvest in service to citizens, based on the following breakdown:

- 75% reduction in time required for each employee to populate the performance review, valued at \$33,750 annually
- 50% reduction in time required for each supervisor to complete the performance review for each of their employees, valued at \$45,000 annually
- 5% increase in productivity for administrative support staff across the organization managing the paper version, valued at \$75,000 annually
- 15% increase in productivity for HROD staff tracking the paper versions, valued at \$13,000 annually

Benefits of moving to the on-line performance review system included:

- Reduced challenges for departments struggling to implement the time-consuming paper version of performance reviews
- Improved leader access to real-time performance data to quickly identify and address performance issues
- Better tracking tools for supervisors to identify when performance reviews are due to support achieving 100% completion rates annually
- Standardized method for supervisor and employee documentation and communication of performance throughout the year

Estimated one-time costs for the on-line performance review system project included:

\$ 30,000	Initial start-up cost for system set up, consultation, interface/integration with JD Edwards and related systems
\$ 267,000	2.5 FTE – Technical Project Staff
\$ 3,000	Software and hardware for project team
\$ 300,000	Total one-time request

In addition to the above approval for the one-time costs associated with the on-line performance review project, Council also approved the [base funding required for licenses for the new system during the 2020 budget process](#).

Since these approvals, the Project Manager has been recruited, a project team has been assembled, and they have completed the performance review business process review necessary to identify system requirements in preparation for the Request for Proposal (RFP) process.

The performance review software will need to integrate with other corporate systems and functionality in HROD. Various stand-alone systems and processes have been used since amalgamation to manage HROD functions such as a Learning Management System (LMS), leadership development and succession databases, time and

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attendance tracking, and incident case management. Many of these systems have reached end of life and are due for RFP in 2022. Rather than replace each system individually, the strategy is to purchase an HRIS platform with integrated modules to maximize efficiency, enhance functionality, and reduce overall system and licensing costs.

This direction is supported by the Core Services Base Budget Efficiency Review Final Report presented to Council by KPMG on November 22, 2021. That report recommended that Chatham-Kent transform into technology enabled operations, including implementation of a full HRIS system. They noted that Chatham-Kent previously implemented payroll and recruiting systems but would benefit from enabling an end-to-end human resource management system and eliminating manual entries and processes specifically related to:

- Electronic/online timekeeping and scheduling across the Municipality
- Performance management
- Learning management
- Record management of personnel data
- Employee self-service

KPMG stated implementation of digitization opportunities to modernize internal operations will require a significant financial investment. Once implemented, digital workflows can reduce operating expenses through achieving the following:

- Reduction in manual (paper-based) tasks
- Increased internal collaboration
- Improved employee productivity
- Enabling remote work

KPMG also anticipated an overall positive indirect impact through digital internal workflows that may lead to better service delivery.

This direction is also supported by the Corporate Technology Strategic Plan (CTSP) received by Council on June 29, 2020. The CTSP identified:

- Many HR processes are manual, paper-based such as vacation tracking, sick time tracking, and time and attendance. The impact extends beyond the HROD department, because all departments rely on HR services and processes. For example: recruitment, or time and attendance. Therefore, increasing automation can have broader impact on the Municipality.
- HROD is currently seeking to modernize by using technology for applicant tracking, performance management and provide staff with online services. It will be beneficial to bundle process reviews and a comprehensive HR related functionality review to identify any additional technology needed. Some technology that may be useful includes position management, applicant tracking and performance management, and self-service capabilities. HROD is currently conducting a process review.

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- The limited use of technology and heavy reliance on paper processes currently hinders HROD from producing reports quickly and efficiently. Other departments often request reports, but the current reporting process requires using multiple data sources and manually compiling information. It is time consuming and prone to error. Physical files also add complexities to producing reports and pose a risk to business continuity in the event of a physical incident or disaster such as fire or flooding.

The CTSP identified the following benefits and values in Digitizing HROD services:

- Increase staff efficiency in HROD and throughout the organization through process automation.
- Improve data driven decision-making and reliability and efficiency of generating business insights.
- Reduce HROD staff workload by adding self-service capabilities for staff and managers.

Comments

While preparing the RFP for the on-line performance review project, it was identified that performance review systems fall into two categories; some are stand-alone systems while others are a module within a unified, integrated Human Resources Information System (HRIS).

Stand-alone systems can be purchased independently to meet the organization's specific performance review system needs. They can be cost effective and can be implemented fairly quickly. Chatham-Kent currently has the budget and staffing resources to move forward with implementation of a stand-alone system. However, stand-alone systems provide limited capabilities and would require additional funding and effort to integrate with other HR system functionality. Separate projects would be required to purchase and integrate with each of these other HR systems.

A unified HRIS would have the performance review system as one module integrating seamlessly with the other HR modules within it. The integrations between modules allows for expanded capabilities. While initial implementation of the performance review module would take longer and the upfront cost and resources would be higher, the organization would save money and staff time in the long-run compared to purchasing, implementing, integrating, and maintaining each system separately.

Since amalgamation, Info:HR has been Chatham-Kent's HRIS. This system was identified as end-of-life in 2016 through the System Optimization Strategy. Some employee, payroll, compensation, and benefits functionality has been migrated from Info:HR to the JD Edwards Enterprise Resource System. Some other data previously housed in Info:HR is now handled through the Njoyn recruitment and applicant system that was implemented in 2021. However, the following functionality needs a new system in order to decommission Info:HR, effectively manage other employee data the previous

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HRIS was not capable of managing, and adhere to Chatham-Kent's Purchasing By-law (166-2020):

- employee time and attendance
- incident case management
- learning management system
- leadership development
- succession planning

Similar to the performance review system, each of these systems are expected to result in significant annual efficiencies in staff time and productivity that can be reinvested in service to citizens.

In particular, the employee time and attendance system is anticipated to produce the greatest improvement in efficiency and accountability. Unlike our current system which relies on a time-consuming, manual process to collect and report employee attendance weeks later into Info:HR, the new system would introduce real-time data and metrics available to employees, managers, and leaders to ensure compliance and strategically address emerging attendance trends. Recent emergencies and the pandemic have highlighted the need to have up-to-the-minute time, attendance, and task tracking data available to know which of our employees are reporting to which location at what time and related to which project as this would have been advantageous as we worked through workplace screening, remote work, redeployment initiatives, and tasks potentially eligible for provincial reimbursement. Attendance data is also a critical component of the performance review process and ensures Chatham-Kent employees are held accountable for their time. Analysis recently conducted by another municipality of similar size estimated that 54,000 hours a year was spent by employees, supervisors, and administrative support staff on manual time and attendance activities which could be significantly reduced through a software solution, resulting in substantial annual savings. Work starting in December 2021 will analyze Chatham-Kent's current task tracking, time and attendance processes and identify the full return on investment that can be gained from implementing a new system.

An incident case management system supports supervisors and HROD in tracking any attendance, performance, or other employee issues to ensure they are addressed and resolved quickly. HR case management software will streamline workflows and avoid mistakes or misrouting, increasing efficiency and communication for HROD and supervisors to reduce costs and minimize time spent on issues. Case management software offers accessibility and transparency of information for employees and supervisors to see the progress of any issues they have logged, often through a self-service portal. Chatham-Kent currently manages these processes manually, which requires extensive time, does not facilitate sharing of readily-available information, and creates communication challenges. Improvement in this area would support efforts to ensure Chatham-Kent employees are providing the best possible service to the citizens of Chatham-Kent.

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The learning management system currently in place helps Chatham-Kent ensure compliance with legislated and required training through on-line course and policy review as well as tracking of in-person training events. The current leadership development and succession planning systems support talent development and business continuity to ensure uninterrupted service delivery to the community. The current systems are all due to go to market for RFP in 2022 to adhere to Chatham-Kent's Purchasing By-law (166-2020).

It is estimated that procuring each of these as stand-alone systems would require approximately the same one-time software, licensing and project team costs as the performance review system costs. The cost to then integrate each of these systems with each other and the existing payroll and recruitment systems would be high. Averaging approximately \$300,000 per project plus any additional licenses and integration required, it is estimated the full cost by the end of all implementations would easily surpass \$2,500,000. At the end, it would be possible that Chatham-Kent would have several separate systems with separate licensing and maintenance costs, requiring ITT staff resources to maintain each system, and still have restricted capabilities due to integration limitations. Handling these separately would also take several years to implement.

Recognizing the significant financial, resource, and time savings that can be gained by procuring one time for a full HRIS to deliver all of these modules integrated with the performance review module, the RFP for the performance review system has been put on hold while further business process analysis and requirements gathering is being conducted on each of the other functional needs. The goal is to complete this work and post a single RFP for an integrated HRIS in mid-2022. Once the HRIS platform has been selected and built, modules would be implemented and integrated with exiting payroll and recruitment systems from 2022 through 2024.

In anticipation of these projects, a budget request will be brought before the Budget Committee outlining the overall cost of this project implementation. At this time, one-time costs are estimated to be no greater than \$1,832,946 as outlined in Table 1 HRIS Project Implementation Costs on page 6. Costs will further be defined through the RFP process.

Human Resources Information System (HRIS) Project Implementation

Table 1 – HRIS Project Implementation Costs

Project Task	HRIS Platform	Learning Management System	LDP/ Succession	Performance Management	Time & Attendance	Case Management	Project Total
Process Analysis	\$100,000	\$100,000	\$50,000	Completed internally	\$100,000	\$40,000	
System Purchase	\$408,252	\$80,000	\$30,000	Funding previously approved	\$80,000	\$30,000	
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Project Total	\$608,252	\$280,000	\$130,000	\$0	\$380,000	\$110,000	\$1,832,946
Sustainment	\$107,271						\$1,940,217

In addition to the staffing resources previously approved for the performance review project, the above funding will support the following resources required to implement the various modules within the HRIS project:

Table 2 – HRIS Project Staffing Resources

Position	Budget	FTE
Business Solutions Analyst	Base	0.50 FTE
Applications Administrator	Base	0.25 FTE
Cloud & Systems Administrator	Base	0.25 FTE
Technical Project Staff	Supp	3.00 FTE
TOTAL		4.00 FTE

Recognizing the potential for savings and reduction in liabilities related to the various improvements to be implemented, a substantial portion of the one-time funding for the HRIS project is proposed to come from the Employee and Labour Related Reserve. A request for a Municipal Modernization Grant to further support one-time costs related to this efficiency initiative was submitted in October 2021, with decisions to be announced in 2022. HRIS sustainment would require base budget funding of 1.0 FTE at \$107,271.

Current base budgets for annual user licenses are available to migrate from the old systems to the new system. Licensing and maintenance costs for the new HRIS may exceed current base allotments and will be known following the RFP in 2022. At this time, it is anticipated that any additional funding required for licenses or lifecycle for ongoing system maintenance and upgrades will be offset by savings realized through implementation of the time and attendance and/or performance review modules.

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Areas of Strategic Focus and Critical Success Factors

The recommendations in this report supports the following areas of strategic focus:

☐ Economic Prosperity:

Chatham-Kent is an innovative and thriving community with a diversified economy

☐ A Healthy and Safe Community:

Chatham-Kent is a healthy and safe community with sustainable population growth

☐ People and Culture:

Chatham-Kent is recognized as a culturally vibrant, dynamic, and creative community

☐ Environmental Sustainability:

Chatham-Kent is a community that is environmentally sustainable and promotes stewardship of our natural resources

The recommendations in this report supports the following critical success factors:

☐ Financial Sustainability:

The Corporation of the Municipality of Chatham-Kent is financially sustainable

☒ Open, Transparent and Effective Governance:

The Corporation of the Municipality of Chatham-Kent is open, transparent and effectively governed with efficient and bold, visionary leadership

☐ Has the potential to support all areas of strategic focus & critical success factors

☐ Neutral issues (does not support negatively or positively)

Consultation

The following groups were consulted for the purpose of this report:

- Executive Management Team

Financial Implications

The financial summary for the Human Resources Information System Project Implementation will be provided to Council during the 2022 budget deliberations for approval.

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Attachment(s): none