



# Travis County Commissioners Court Agenda Request

**Meeting Date:** 11/27/2012, 9:00 AM, Voting Session

**Prepared By/Phone Number:** County Auditor's Office 854-9125, Planning Budget Office 854-9106, Human Resources Management Department 854-9165

**Elected/Appointed Official/Dept. Head:** Nicki Riley, County Auditor; Leslie Browder, County Executive Planning and Budget; Diane Poirot, Human Resources Management Department

**Commissioners Court Sponsor:** Judge Samuel T. Biscoe

## AGENDA LANGUAGE:

Consider and take appropriate action regarding the following Phase II SAP implementation matters:

- A. Change in timekeeping process for exempt employees
- B. Timing of employee payroll deductions for health and other insurance

## BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

As with any new system implementation, opportunities arise to improve and streamline practices. There are two areas that fall into this category related to timekeeping for exempt employees and employee payroll deductions related to benefits. These process changes are described in the attached memorandum.

The County Attorney's Office has been consulted to ensure that there are no legal impediments to either change, and has advised there are none. Similarly, there are no changes needed to any existing Travis County policies to implement these changes.

## STAFF RECOMMENDATIONS:

We recommend moving forward to streamline timekeeping processes for exempt employees and employee payroll deductions for benefits. Affected employees will be informed of the changes in advance of the effective dates.

## ISSUES AND OPPORTUNITIES:

N/A

## FISCAL IMPACT AND SOURCE OF FUNDING:

N/A

## REQUIRED AUTHORIZATIONS:

County Auditor's Office	Planning and Budget Office
Human Resources Management Department	County Judge's Office






TRAVIS COUNTY, TEXAS

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**MEMORANDUM**

**TO:** Members of Commissioners Court

**FROM:**  Nicki Riley, County Auditor  
Leslie Browder, County Executive, Planning and Budget   
Diane Poirot, Director, Human Resources Management Department 

**DATE:** November 20, 2012

**RE:** Update on Second Phase of SAP/BEFIT Implementation and Related Payroll Process Changes

Under the leadership of the County Auditor's Office, the first phase of the SAP enterprise resource planning system went live on June 4, 2012, and was a major undertaking for the County. The second phase, which includes the human resources and payroll modules, is expected to go live on January 1, 2013. "BEFIT" is the County's acronym for the new SAP system, or Better Enterprise Financial Information for Travis County.

Our primary project oversight goals are to assure that we address any needed modifications or improvements related to the first phase, while also focusing on the design, testing and implementation of the second phase. We meet weekly with the implementation team managers to monitor progress and prioritize any issues that need to be addressed. We are planning to bring a progress report to the Commissioners Court at a meeting later in December.

As with any new system implementation, opportunities arise to improve and streamline practices. There are two areas that we believe fall into this category and we recommend moving forward to make these changes. We have consulted with the County Attorney's Office to ensure that there are no legal impediments to either change, and have been advised there are none. Further, no changes are needed to any existing Travis County policies. We will inform affected employees of the planned changes in advance of the effective dates.

The first change is related to timekeeping for exempt employees. The County currently requires all employees, whether salaried or hourly, to complete a timesheet that itemizes hours worked for each pay period. According to the Fair Labor Standards Act (FLSA), an employee must be paid on a salary basis to be considered "exempt" under the white-collar exemptions applicable to administrative, professional, or supervisory workers. This means that an exempt employee must receive his or her full salary for any workweek in which he or she performs any work without regard to the number of days or hours worked. Exempt employees may keep time records to meet requirements for allocating salaries and still not be in conflict with FLSA requirements, as long as these time records are not used as the basis for pay. Common examples of when this would be appropriate at the County include tracking hours to allocate labor costs to grants. As we move toward our go-live date for the payroll module this January, we will be implementing a

timekeeping system by which our exempt employees will only be required to record their time off, such as sick or vacation, so that this amount can be deducted from their paid-time-off “bank”. According to the U.S. Department of Labor, it is permissible to do this, as long as an employer has a bona fide vacation and sick-time policy and exempt employees otherwise receive their guaranteed salary. An employee who is not exempt from the overtime provisions of the FLSA is considered non-exempt. A non-exempt employee is entitled to receive overtime for all hours worked beyond 40 hours in a work week, and is generally paid on an hourly basis. Non-exempt employees will continue to fill out timesheets for each pay period.

The second change is related to employee payroll deductions for benefits. Many years ago, a decision was made to charge employees in advance for their portion of health insurance and other benefits premiums that are deducted from each paycheck. When an employee leaves the County, they are then refunded for unused premiums that were deducted in advance of receiving the insurance coverage. This is an unusual practice and is currently handled by a combination of manual steps, and customization of the benefits load to the payroll system to accommodate the double deduction upon hire date. The refunding payment upon termination is an entirely manual process today. To continue our current practice, complicated customization of the SAP benefits and payroll systems is required along with some manual steps. This means higher ongoing costs for Travis County to support and maintain our own customization, as well as more complexity whenever we upgrade to new software releases. We are planning to simplify our practices going forward to eliminate double deductions on the employee’s first check, as well as eliminating the need for a refund at the end of employment. We are exploring the opportunity to “true up” deductions for existing employees prior to the January go-live date through two free pay periods during December since employees will have already prepaid their premiums in November. When deductions begin again in January, these deductions will cover premiums paid to the provider for the current coverage period. There is no budgetary impact associated with this change.

As we indicated previously, we will keep the Commissioners Court and employees up to date on new system developments and changes in practices that will become effective in the new calendar year.

cc: Christina Adair, County Auditor’s Office  
Beth Blankenship, County Auditor’s Office  
James Collins, County Attorney’s Office