

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

DDA

EXTENSION

[Handwritten signature]

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED / FORWARDED

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

ADDA

13 JUL 1987

[Handwritten initials]

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This is the original copy of the Report.

When the team reported to me they made several points -

- 1) OIT is pleased with new IDMS, excited about it. But lack confidence/experience with it.
- 2) The Corp. Data Base needs to be defined by us. Not defining it leads to delay, skilling, etc. Start with parts of form 1152.
- 3) An OIT/OP team was called for in Feb 1987. They really haven't done much!! Merge OP/OF elements.

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15 JUN 1987



Deputy Director
for Administration

[Redacted]

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I would like to see two things
come out of this Task Force effort.


a) Move quickly to have the DOS
for OP and OF formed as a single
organization with one manager/boss.
It can dangle someplace between
OP and OF. Standards should be
set by OIT [Redacted]

b) A team of non-OITers should
set the elements which form the
Corp. Data Base. They should be
able to do so in a month. Press
them.

let's talk.

[Redacted]

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TRANSMITTAL SLIP		DATE	10 June 87
TO:			
ROOM NO.	BUILDING		
REMARKS:			
			
ADDA		10 JUN 1987	
DDA		11 JUN 1987	
<i>I'm + I agree on the "facts" of the paper - We may have a short term people solution then increased communication + collocation</i>			
FROM: EXA/DDA			
ROOM NO.	BUILDING	EXTENSION	

10 June, 1987

Note To: Hank & Bill
From: Jim
Subject: Report from Payroll Task Force

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This note contains my comments on the Payroll Task Force report:

Major Findings in Report

1. We need a single, integrated personnel/compensation system built around the corporate database concepts.
2. Current OIT problems impacting ADP systems delivery:

OIT has too much work for their current resources;

OIT is forced to prioritize customer requirements (and shouldn't have to);

OIT personnel are rotated too frequently, leaving projects before completion;

OIT has many inexperienced people in the IDMS technology.
3. { Need to quickly implement the OIT dispersed office support (DOS) concept in OP and OF. }
4. Reorganization or collocating compensation with personnel is not the easy answer.
5. No single, large system development will work. Need to do smaller, modular system developments.
6. { A joint OF/OIT/OP Payroll/Personnel Task Force was formed in February. Task Force reports are due by September. }
7. The current payroll/personnel systems are antiquated and cumbersome to maintain. Only a few people truly understand how they work.

My basic reaction to the paper is that it doesn't answer many of the questions which you posed to the Task Force. However, I don't believe that it would have been humanly possible for the Task Force to do more in the 3-week period they were given.

I believe that more things go wrong because of bad management than because of bad technology. A corporate database, or any other integrated system, is only possible when the management structures of OP, OF, and OIT are working toward a single goal. The single thing which improved the applicant processing procedures was Hank Mahoney's direction of OP, OS, and OMS

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attention and activities (especially the assignment of [redacted] as DD/OP-E). Trying to construct an integrated ADP system would have failed where management oversight and insight succeeded.

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The only alternative I see to moving responsibility for compensation to OP would be for Hank to undertake a similar oversight role for this effort as well, and for us to collocate the relevant parts of OF and OP. I don't believe that a third-party influence role by OIT can suffice.

[redacted]

Jim

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DDA/REG
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ROUTING AND RECORD SHEET

SUBJECT: (Optional) **Observations on the** **Report on the Agency**
Payroll Function

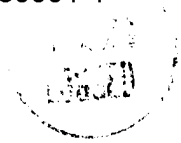
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FROM: Edward J. Maloney Director of Information Technology 2D00, Hqs.	EXTENSION	NO. OIT #0384-87
		DIS/REG LOGGED
		DATE 24 June 1987

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TO: (Officer designation, room number, and building)	DATE		OFFICER'S INITIALS	COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)
	RECEIVED	FORWARDED		

1. DDA EXA	24 JUN 1987	6/24	JAK	Good comments.
2. ADDA	25 JUN 1987		★	
3. DDA				
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OIT #0384-87
24 June 1987

OIT/TRIS
LOGGED

MEMORANDUM FOR: Deputy Director for Administration

FROM: Edward J. Maloney
Director of Information Technology

SUBJECT: Observations on the [redacted] Report on
the Agency Payroll Function

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Bill--

1. I have read the report you sent me on the Agency payroll function authored by [redacted]. Let me add my observations. On the surface, it would appear that we all know where we want to go, i.e., large, neat, well-integrated administrative systems that can serve a whole host of needs from pay-tech to deputy director, with very strong data discipline and simplicity from which we could evolve for the next ten to twenty years. The team looked at corporate data and OIT management, and then tried to develop the issues associated with building a payroll function from a variety of different perspectives.

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2. They confirmed that each of the offices has a different perspective on the issues. I agree with most of their observations. What they were unable to do, however, was come to grips with the need to fundamentally change the way we approach the problem. OF and OP must show more leadership in what needs to be done (requirements); and OIT needs to show more leadership in how we ought to do it. Right now all of us are too involved telling the other guy how to do his job. The DOS concept will, I hope, move us to an environment where the customer office makes most of the calls.

3. I agree, and have already talked to [redacted] that we need to move early on defining the data elements that are to be part of the corporate data system. Gene will do this. This confusion, together with the confusion (perhaps anxiety) associated with the DOS activity, and overlaid with the stress of not enough people to get done the things that we want, all make for a very tough environment to dig out of. As you and I have discussed over the past two years, some of the things under way are to affect fundamental change. That does not come easily or painlessly.

Should I
file
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4. The authors of the report observe that there are a lot of issues that are tough to deal with, that we all (OF, OP and OIT) ought to work as a team to get all aspects of the issues resolved. Team work is great but I submit

that is what we have been trying to do for the last ten years and we have paid a high price in the rare examples where it has worked. For the most part, I don't believe it has ever really worked and I don't believe it is working now. Of course there are areas where team work is essential but overlaying team work must be clear lines of responsibility and accountability. Anything short of dramatic action in this particular area will be a signal for everyone to keep plugging away as before. Someone must be in charge; someone must be accountable.

5. My vote is to move the responsibility for all compensation systems to the Office of Personnel. This doesn't have to mean people, positions, career service, etc.); it does mean that OP will speak as THE responsible author of priorities and requirements of our compensation systems PERIOD. Let's get on with it.



Edward J. Maloney

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2 June 1987

MEMORANDUM FOR: Deputy Director for Administration

FROM:



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SUBJECT: The Agency Payroll Function

REFERENCE: Your oral request of 13 May 1987 to examine the interrelationships of OIT, OP, OF on Payroll.

1. This paper discusses the results of interviewing key employees in the Offices of Finance, Personnel and Information Technology, and others, (see Attachment A). Discussions were directed in accordance with our understanding of instructions we received, (see Attachment B) and we used a prepared paper to stimulate and engage those being interviewed, (see Attachment C). We began our interviews at the working levels and progressed our way up through each component level; the final interviews were held in succession with the Office Directors and Deputy Directors.

2. First, there was strong, consistent support for a single, integrated system which can share common data among DDA offices. Secondly, use of a corporate data base, the new Integrated Data Management System (IDMS), also received strong support. Thirdly, all persons interviewed commented that standardization of data elements is sorely needed in the DDA. Effective discipline, enforced by OIT, will be essential to approach the maximum success from the corporate data. This discipline is needed not only for payroll/personnel related data, but also for all DDA systems involving OS, OMS, OTE, OL, etc.

3. The Office of Information Technology has an overflowing plate with resources strung out too far to guarantee quality. OIT should realistically and firmly determine resources needed, i.e. whether OIT has the available resources to do the job or whether a private contractor should be engaged. The Director, OIT should serve in an advisory role to customers on technical matters. OIT should not be prioritizing customer requirements. The personnel we spoke with in OIT are very dedicated, highly skilled and concerned. However, at the same time they are frustrated with the overwhelming amount of work and their difficulty in accomplishing timely high quality work. Further, accountability is hampered by personnel

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rotations. It is accepted generally that employees often do not remain on a project from start-up to finish. Everyone to whom we spoke recognized that, IDMS, corporate data, is new. OIT is still on the learning curve and is in the early stages of applications.

4. A 1984 Inspector General report on the Office of Finance recommended that a systems division be established; this was approved by the then DDCI. A Systems Division was subsequently established in OF in October 1985 and includes a mix of both OF and OIT personnel.

5. There is much interest, both pro and con, relative to the newly proposed Dispersed Office Support (DOS) concept. The proposal outlines the development of a DOS unit, composed of ADP specialists from OIT and its customer office -- for example, OP. This unit would be located in OP, managed by a senior OIT officer, and directed by a Deputy Director/OP. The purpose of the DOS unit with OP would be to foster better communications between system implementors and the customer; to greatly enhance the implementors understanding and knowledge of customer activities and priorities; to provide timely ADP services to OP; to provide the customer with an awareness of the system development and maintenance process; and to insure compliance with OIT systems standards. It is our opinion that we need to accelerate the implementation of a DOS unit in OP and we need to establish a DOS unit in OF. In addition, we believe that there is a definite role for an OIT consultant, at the GS-11 to GS-14 level, in the DOS units.

6. The Agency payroll personnel systems are not integrated, existing interfacing has difficulties. There were strong feelings among those interviewed, including a commercial contractor, that reorganization, in of itself, will not be the easy answer or necessarily hasten resolution. Consensus ruled out a single big system to address the significant payroll-personnel integrated, shared information system. Such a system would take too long to develop and is too people and money intensive. It also was expressed that the working troops need help now. ELECTAS and PAIDS II are examples which soon will assist OF. Decentralizing the electronic input of Form 1152 will assist OP and OF. We must do more of this modular development.

7. In February 1987, a two day meeting was held offsite and included two levels of representatives from each of OIT, OP and OF. Attendees report it was fruitful. Initially the parochial barriers and mind sets were evident but the ensuing discussions broke that down and the meeting concluded with an agreement for a joint technical collegiate approach. As a result, the Payroll/Personnel Task Force, composed of representatives of OIT, OP and OF, has been charged to investigate the integration of personnel and payroll information into a single computer system. The task force has 90

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days to develop a high level Technical Architecture plan, an Implementation plan, and a Management plan. This joint effort is underway and needs to be pursued with a firm deadline (see Attachment D).

8. In many private companies the payroll function either has been or is being placed into personnel offices. The public sector payroll is much simpler as it involves hours and hourly rates controlled by the company. The Agency's payroll is more complex due to multiple categories of employees and contractual arrangements, e.g. various scheduled tours of duties; staff and contract employees, independent contractor, true names, pseudonyms and aliases, etc.. Further, the continual changing government employee pay and allowances legislation complicates Agency payroll. The Agency must respond to these changes while considering various impacts of security, cover, operational, and sensitivity issues, including taxes and other external reporting requirements. Agency payrolling is not simple. The operation is little understood outside of the dedicated OF, OP and OIT employees who operate and maintain the antiquated, manual and non-integrated systems. The Agency has never missed a pay day. This is due in large measure to the dedication and pride of the employees involved.

9. Regulations, policy and procedures must be designed and developed to permit data input to the corporate data system rather than requiring the system to accommodate policies and procedures. For example: 99% of travellers signing out of CTS arrive at foreign post as scheduled, but commencement of allowances is held until an arrival confirmation cable comes in to Headquarters. Allowance payments are not being payrolled automatically on the day of arrival, thus creating retroactive or delayed start up of payment. The pay and allowances should be paid on time based on arrival schedule, and payroll can handle the 1% exceptions as cables may determine. This is a classic example of benefits to be derived by converting manual functions to the computer for controlling exceptions. Such streamlining in conjunction with computer application and controls can be significant in improving service to employees. Another opportunity for Senior Management to improve services to the employee is to standardize certain procedures. For example: Currently, Agency components demand or are given options as to how to pay monetary awards, i.e. EFT, check to be sent to office of the employee for personal presentation, etc. It took several years and a nudge from the U.S. Treasury before management agreed to pay all biweekly pay cases by EFT.

10. The Office of Personnel is the first contact point for a new employee. This relationship starts in the applicant phase and continues to the swearing-in of the appointee. That first Form 1152, Request for Personnel Action, results in the Excepted Appointment action and the Form 1150, Personnel Action triggers the payroll system. From this point forward, all changes affecting an

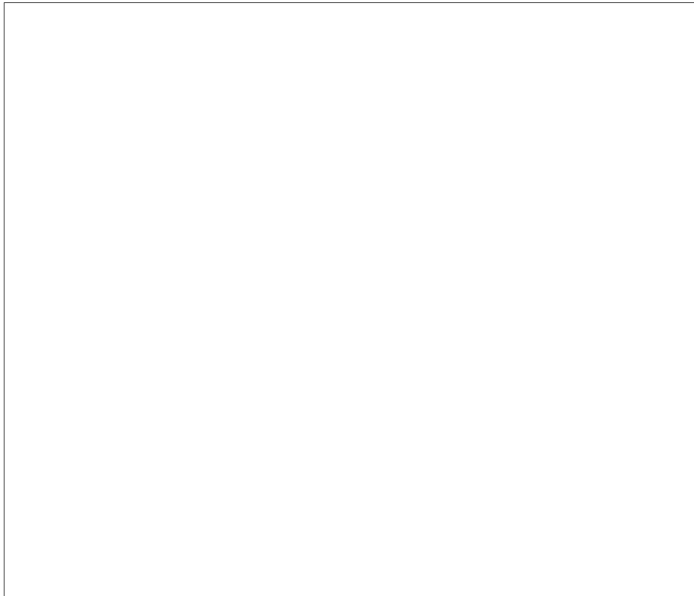
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employee's compensation are triggered by OP actions, whether the change involves basic pay, allowances, monetary awards, bonuses, etc. Many of the delays in payrolling are caused by the "systems," which are paper and manual intensive. Now that Form 1152 is automated, more of the monetary entitlements should be linked to Form 1152.

11. Currently, an OIT-developed Electronic Time and Attendance System (ELECTAS) and a Price Waterhouse-developed Payroll Automated Inquiry Database System (PAIDS II), which will provide the capability for automated retroactive pay computations, will go a long way to automate two of the most labor intensive payroll work processes while improving accuracy. The ELECTAS currently is being implemented component by component, (OIT and OF have it now) the PAIDS II will be phased in over the next four to nine months.

12. Moving payroll or collocating payroll will not, in itself, solve problems of lack of automation, timeliness and accuracy. Management in all three offices must support the immediate development of modular applications, such as the aforementioned ELECTAS, PAIDS II and Form 1152 to demonstrate commitment. These modules should conform to the OIT systems standards as developed.



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Notes from Initial Meeting with DDA:

1. Committee to consist of:

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2. Duration of Review: 3 weeks (3 June 87)

3. Purpose - Payrolling - Joint Automated System with OP

- a. Relationships between OP and OF, and OIT
- b. Compensation Division - relationship to and with OP, cooperation and procedures.
- c. Look at Automated System - CD
What is being done now?
- d. Is ACIS being developed hand-in-glove with OP?
- e. DDA's intent to keep a Finance career service - does not intend to dismantle Finance
- f. DDA wants one automated system to serve both OP and OF. How best can we go about to achieve this goal? DDA does not want dual systems by OP and OF.
- g. Avoid traditions through use of computer.

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13 May 1987

DDA SELECTED COMMITTEE:



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PURPOSE:

General review for identifying related payroll and personnel processing problems with a view towards upgrading into a single system.



This committee will wish to discuss the following areas, which are provided as introductory starters and it is expected that discussions may or will be expanded into other specific, related areas:

A. How best does the Agency go about considering and developing one, single, joint system containing common concern data related to compensation and employee benefits payrolling which will efficiently and effectively serve OP, OF and OIT? This is with the understanding that "bells and whistles" will be built in to assure controls and necessary compartmentation of certain information and input, adjustments, query and reporting capabilities.

B. Considering the relationships between OP, OF and OIT, where and what is the pain now? Are your systems taxed? What are data or information exchange problems between offices which need correction? Please be prepared to describe the level of pain.

C. What specific efforts need to be made to assure maximum payrolling/personnel service in a timely, available and accurate basis?

D. What, knowing what you know, would be your projection of where we are headed?

E. Where would you like to be going? Give us your dream system to solve your pain or problems?

F. Consider location of elements of OP, OF, and OIT performing related payrolling function.

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NOTE: This sollicitaition of information is being made in an effort to determine the best way for OP and OF to come together to develop a single, joint personnel compensation information and payment system. No decisions have been made, the review is open-ended.

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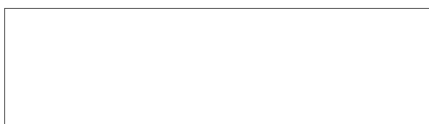
CHARTER

Payroll/Personnel Task Force

20 May 1987

PURPOSE: The purpose of the Payroll/Personnel Task Force is to investigate the integration of personnel and payroll information into a single computer system.

MEMBERS: The Task Force will include three representatives, one each from the Offices of Finance, Personnel, and Information Technology. The members are:



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GOALS: The Task Force will have three major goals that will be worked in the following order:



1. Develop a highlevel subject-oriented Technical Architecture for the new system. This architecture will encompass payroll and personnel requirements and functions needed for the system. The system will function within the Corporate Data environment, share standardized data, and provide the flexibility to manage special pay bonuses, retroactive pay, and other legislative pay changes without changing the code.

2. Develop an Implementation Plan to build the system. This will include the order of development, schedule for development, and risk assessments associated with costs and schedules.

3. Provide a Management Plan to develop the system. This will include the structure necessary to make decisions concerning funding, maintaining standardized data, coordinating with Corporate Data, and developing and testing the system.

TIME FRAME: The Task Force will work to complete the goals within 90 days. If the members later believe this time frame is too short to complete all the goals, the offices will be notified of a new time to completion.

ASSISTANCE: The members may task other personnel within their offices for reasonable assistance as needed to complete the goals efficiently.

REPORTS: The Task Force will produce a written Technical Architecture Plan, Implementation Plan, and Management Plan as each goal is achieved. Plans will be coordinated with the three offices involved.



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EXCERPT FROM RECENT PRENTICE-HALL PUBLICATION

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**ON
PAYROLL**

fourth notice that says if you don't pay up we're going to file a levy on your bank account. Don't let this happen. Ask to be transferred to the Problem Resolution Office. Plan in advance. Say you've got a problem you can't get resolved. Tell them you'll come down there and camp-out (you can visit these offices; you can contact the service centers only by mail). If you're persistent, you'll be transferred."

What then? Ask the PRO in the TPS to intercede, explain your problem, ask them to put a hold on your account. When they do this, you must fix it before the hold time runs out or the problem will automatically go to the automated collection system. "Their job is collecting money," Skinner emphasized, so ask them for the PRO office attached to their operation. And you'll stand a better chance of getting your problem fixed.

Payroll Communications With Upper Management, Personnel, and Data Processing.

In her presentation to congress participants, *Delores Risteau*, Vice President of the American Payroll Association, discussed the reasons for the need to communicate. She also explained the ways in which lines of communications can be opened not only between payroll professionals but also with other employees of the company such as the personnel people and data processing staff. Here are excerpts from her presentation:

People talking to people. The art of talking to people is not something we automatically develop. It takes time and a conscious effort to learn and maintain good skills. Today, many professionals cannot effectively communicate with anyone. But this is not an irreversible situation. Almost all of us can learn to feel comfortable with open communication.

The art of communication is the ability to feel comfortable talking to other people. The fact that it is necessary to talk to others in order to learn, identify problems, and let others know our needs makes it easier to learn to communicate with anyone. Many of us feel that if we are not professional speakers, the presentation of new information or programs to our company management will appear unprofessional. This is one feeling that is very hard to overcome for many of our payroll professionals because they have little experience in this area.

The way to gain experience is to start out small. Remember that the management staff is no different from the payroll professional when it comes to needing information and discussing problems. They must rely on individuals like yourself to provide accurate details and to discuss issues based on specialized knowledge.

Improved communication needed. Payroll's history of being out of the mainstream of business operations and not being informed or involved in the major decisions has overflowed into the area of communications as well. This has hurt the payroll supervisor by isolating him or her from the areas where new information and company objectives are established. (This is true for so many supervisors relying on the information being funneled down from management for major decisions affecting the operation of their departments.) As a result you are unable to plan ahead for major changes.

Many payroll supervisors and other department personnel have told me that they would give anything to be able to receive notification before changes happen within their company. The changes which can cause a crisis in the payroll department are usually the last communicated.

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Payroll is very much in the background, unless you bring it out in the open and work to make your peers and supervisor aware of the ongoing contribution and your need for participation in the operation of the company. What is happening next week, next year, or over the next 2 years? How many of the company objectives will impact the overall payroll operation, procedures, and possibly the computerized system? This is the information you need to acquire through communication with people outside the payroll department. The questions which arise from this statement are: How do you change general attitudes? What can be done to change the relationship with the supervisor who doesn't keep you informed? Where can the information be obtained for increasing your knowledge and that of your staff?

Be visible and involved. Let's try to answer the questions in a general sense. In order to effect a change in how the general management staff sees you as a supervisor you must be more visible. This can be difficult in many organizations. You cannot just walk the halls introducing yourself to everyone. *You* must implement a change in how you perceive your position as a supervisor and how your peers and boss should see you as well. Identify the key people who can provide more information or who you feel should participate in the decisions of your department. Let your boss know how important you feel this association is and that you would like to establish regular discussions with this group.

➤ **WHAT TO DO** → It may be helpful to prepare a summary of the major changes which have impacted your department over the past year and the cost for implementation of recovery as a result of not having prior notice. When there is a direct cost involved through overtime, missed deadlines or tax penalties, it is evident that payroll needs the contact.

Just by being involved will create a change in the perception which other departments have of payroll. Keep in mind that the personality of your supervisor will dictate the method or approach you use to get over the initial hurdle. Only you can determine the best technique for working with the varied personalities. Remember you are the payroll expert in the organization. From this area of expertise there will be one issue which can be used as a basis for the initial approach.

Use your expertise. You must prepare a proposal for a new software package. The programming staff and the finance departments are not convinced that the current system cannot be held together for a while longer. However, your staff are working more hours and performing more and more tasks manually. Each payroll run requires more band aids to hold it together. The first thing that you must do is to step back and look at the overall problem. Be very objective. Set aside the emotional feelings which come from the long nights trying to isolate problems and listening to the grumbles of your staff. This project may be the most important of your career. List current issues; increase in labor costs for overtime, additional staff to perform manual functions; and any other increase of costs. Remember even a decrease in efficiency is costing the company.

Summarize your proposal for ease in presentation and use your statistical material for backup support. Facts tell the story. Your proposal may be given to your direct supervisor or may be given to upper management. You should be prepared to present facts and figures. Knowing your material is the key. If the proposal is to be given to management, do not release the material to another

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person for presentation. You have the knowledge and can support your material with answers to questions. Even the most disinterested person will be impressed with a well-prepared report and well supported facts are hard to dispute.

If the boss doesn't inform. This is the toughest situation to deal with because you are being left out. Important changes are taking place and your boss does not even think to inform you. Keep in mind that the priorities are different for you and for your boss. If this person is supervising multiple departments, it may very well be that this was an oversight. If this happens frequently, you should confront the situation and talk to your boss about what is happening and work out better communication. If the payroll is as important to the company as the studies tell us, then the boss will want to work with you. If you hit a wall and cannot seem to make the boss see the importance in your request for more timely information, YOU must decide whether to push for your request or to back down and try doing the best job possible. Where do you go when you're not making any progress in communicating with the boss? If your company has an employee relations department you should be able to lodge a formal complaint or the personnel director should be able to provide assistance in handling the individual as well as the situation without hanging yourself in a noose.

Now may be the time when you have to defend your position within the company and take a firm stand. This is not what you wish to hear but, there is no ready answer to this problem. Personalities cannot be classified in neat orderly types. The person you need to form a link with has different motives, priorities, and a different personality than yours. All these factors must be taken into account and considered when working out your strategic plan.

Remember to retain your professionalism in handling such a very touchy situation.

Improving communications with personnel. Let's talk about improving your communication with the personnel supervisors. This may not be a favored subject, but it is a fact, payroll and personnel are still at war:

When payroll and personnel do not share common interests and openly discuss their problems and system needs, neither will they be able to meet the overall commitment required in business today. Communication between these departments is essential to your job.

The original source for the payroll employee data is with the personnel input. Information, which is incorrect or late, creates payment problems for payroll. It is payroll, not personnel, that looks bad when an employee is not paid correctly. So the primary need creates the basis for forming open communication lines.

Week after week the payroll staff grumbles about the paperwork from personnel but rarely is anything done to correct the situation. Neither department takes the initiative to improve the conditions. Payroll and personnel depend on the same information and this dependency requires cooperation.

There seems to abound throughout companies the myth that payroll and personnel are working for different management teams. The separate reporting lines cause an automatic wall to be thrown up. The organizational needs are the only important issue and must be put above reporting lines and differences in responsibility. Payroll is dependent on personnel for information and personnel is dependent on payroll for information. If either group fails to do its job, it affects the other.

Resolving differences. Major companies with active war conditions between payroll and personnel have been very creative with solutions. In one company the two groups were moved into the same room. Management felt this would bring them into closer proximity and take away the problems. The solution contained the problem but did nothing to solve the basic differences.

Another company changed the reporting lines and had both departments report to the Industrial Relations manager. Now they didn't argue with each other, they had a new person who knew nothing about what either department was responsible for and made decisions based on labor law and statistical information. The real problem is lack of communication between the supervisors of payroll and personnel. Regardless of the ultimate reporting responsibility, these two departments must work out their differences and work together.

A cooperative team of payroll and personnel supervisors can meet the needs of both departments and fulfill company objectives. In order to obtain this goal, steps must be taken to improve the ability to meet and discuss areas of concern. Since payroll is totally dependent on personnel for employee information, they have much more to be gained in a new relationship than does the other department. Take the first step and contact the personnel supervisor for lunch. The relaxed environment will make it easier to talk. Be up front and lay out the problem which you feel exists.

Be willing to accept criticism of attitudes within your staff or even possibly yourself. If this is to be a serious attempt at laying the groundwork for improved teamwork, then be professional about the process. Personnel may have built up a bit of hostility of their own.

The results you are looking for are to improve efficiency while improving the relationship for both departments. If both supervisors are willing to work on the same goal, start with an analysis of the efficiency levels for both departments.

Efficiency level checklist. The following checklist will provide a starting point for you. Your needs may be greater or much less, or you may only wish to work on the open discussions before jumping into a major analysis. The method must suit your needs and your style as well.

- Step 1. List every function performed by each group.
- Step 2. List the source of information required to perform each function.
- Step 3. Meet and compare lists.
- Step 4. Identify all functions using same source.
- Step 5. Identify all functions duplicated on both lists.
- Step 6. Analyze major problem areas with the input from one system or department to the other and discuss possible solutions to eliminate the repetitive work and the rework on errors.
- Step 7. Re-align functions if possible to eliminate duplicate work in either department. Improve the efficiency levels.
- Step 8. Written agreement between supervisors for plan for improving efficiency and ongoing problem resolution between the departments.
- Step 9. Inform your staff of plan and new procedures.

This is not a solution to the missing communication. It is only an approach which can serve two purposes — to open the doors to better relationships and to

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future discussions in the formation of better communication. The start is at the beginning. So even if you have attempted this move before, try again. The person may be more receptive this time. They may also be weary of the battling relationship. People talking to people does make a difference.

Communication with data processing and technical staff. The methods of communicating with data processing and your programmers may require an entirely different approach than with any other group. The data processing staff have one purpose: to create information reports through the specific programs scheduled through the system job stream. They are not involved in the daily operations of the business and are not interested in becoming involved unless it directly affects their job.

For years, those of us in payroll heard that we spoke a foreign language with "fica, fui, sui, etc." Now that honor belongs to the data processing and technical staff who talk about "bits, tape versus disc, and job streams." Many of the data processing and technical people feel that the general system user does not know what they need and cannot translate the information so, why not give them what we think they will use. This is not an uncommon occurrence in major companies who have utilized full computerization for 25 years. How many times in the past have you requested information reports or changes to existing reports just to be told that it cannot be done. Does this mean cannot be done today, tomorrow or ever?

The frustration caused from the type of interplay on terms usually forces the supervisor back to performing the task manually. The feeling that there is no recourse or way around the situation, leads back to the manual versus computer. Do not revert back to performing the task manually: Verify for yourself that the data is available on the data base, that the basic software can re-sort in a different order, and also that the information is not already available on a different report.

Be knowledgeable. There is one important thing to remember. Become knowledgeable so it is not easy for others to convince you that it is impossible to turn you in another direction. Relationships with data processing must be developed with shared knowledge and ideas. Find out how the computer works. If you are responsible for a major system operation and input to the system, learn the basic operation in order to properly use the equipment and system.

The best way to become familiar and comfortable with computer operations, programmer language and the overall operation of computerized systems is through formal, basic data processing classes. Most companies offer data processing, analysis and basic programming.

Add this information to knowledge of your company's system requirements, and you have a basis for association with the members of your system support team. The programmers, system analysts as well as the data processing supervisors who are responsible for the operation of the payroll system are your support team. Without them there would be no production of the information supporting the payroll functions.

The experience and training are very different between most payroll supervisors and data support professionals. Many payroll professionals have been selected and some drafted from various positions within the company and have received their formal payroll education through 'trial and error'. They have had to learn quickly in order to complete the job.

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The data support professionals have had formal training in their area of expertise, processing of data, operations, programming and analysis. They naturally expect that all other people must become as knowledgeable as they are if communication is to flow. Yet at the same time, some do not want to share the knowledge since the mystery will go away and they will no longer be a select powerful group.

Respect has been earned for the highly efficient technical group. They have become the experts in operation of the systems, but you are still the expert in payroll operations. The first step is to identify the common ground for the 'experts' and allow for the exchange of knowledge to happen.

How do you go about this sharing process?

- Prepare a summary of what you have learned about the operations, list sensible questions which address the problem areas and operations which you do not fully understand. These questions are the key to opening the door of communication with your support team.

- Ask for their time and state the purpose of the request. Allow the meeting to be held in their offices or work areas; everyone is more comfortable in familiar surroundings and materials may be available there which will be needed in the discussions.

- Present your summary of the overall operation of the system and ask for verification that the information is accurate for the basics you have presented. This exchange will begin the process of information sharing between you and the support group.

- Let them know that you have prepared questions for areas you do not understand or where information was not available in your research. If time allows and everyone is agreeable, present your questions. Remember that some questions may require research and cannot be answered at the first meeting. Set up a followup meeting which is agreeable to all for the additional information to be presented and discussed.

By using an approach similar to the one presented here, you will let others know that you take the process of learning very seriously and that you are willing to take an active part in the team effort of operating the system. The resolution of problems will be easier with everyone working together. And through the application of each person's experience and knowledge resolution may be much faster than before.

Payroll and Human Resources Interface

"Payroll is the oldest support function in an organization. It started out simply with calculating pay. There wasn't any personnel department at that time, just perhaps an individual responsible for personnel," observed *Charles E. McKnight*, Arthur Andersen & Co. "The real birth of personnel as a true separate function occurred in the 1950s, but the function appeared way down the organization chart." Today there's a need for a closer interface between the two, McKnight said, and he outlined some of the history that has led up to this need. *Dana LaChapelle*, also of Arthur Andersen, followed up with a discussion about the implementation of an integrated payroll/personnel system.

Historical perspective. Payroll has traditionally been placed under a vice president of finance, personnel under an administration vice president. Personnel at

first didn't have the stature of payroll. For example, when it gained the responsibility for hiring, it didn't also gain the responsibility for keeping records. By the early 1960s both the payroll and personnel functions became more complex.

► *Automation.* Automation started coming about in the '60s with a payroll application. Then came the advent of MIS (management information systems), which grew out of payroll and was placed under finance. Soon benefits, which had also started under payroll, moved out into its own entity under finance.

► *Compliance reports.* In the '60s and '70s we were faced with compliance reports: EEOC, OSHA, ERISA. All of these legislative reporting requirements were affecting payroll, benefits, personnel, and MIS. How did we respond to compliance reporting? McKnight asked. Find out who had the most data. Personnel had some, but a lot of it was in file drawers. With compliance sparking their efforts, businesses began taking a closer look at ways to merge data systems.

Today's problems. Payroll, with 20 years' experience with automation, had learned the technology. Human resources, as personnel was now called, was just beginning to develop data base systems, but they weren't "state of the art" systems. Further, there was still a lot of manual effort involved, McKnight pointed out. In reality, we had two separate systems with data communication between the two. Changes to these separate systems are difficult, McKnight said. Payroll changes tend to be quantitative, mandated/legislated, while human resource systems are qualitative, and although the information is important it has no true feedback. But the '80s are where we are facing serious problems:

► *Problems associated with deregulation.* We're seeing lots of merger and acquisition activity, McKnight said. (About 90% of the workshop participants had been involved in such activity.) How do you cope with different corporate cultures? Different benefits? Different data bases?

► *Problems associated with downsizing.* There's more work here for payroll as companies cut back on redundant support functions and reduce middle management levels. Payroll still has to pay people, human resources still has to handle personnel matters, but you're both losing your staffs.

► *The issue of decentralization.* "Decentralization is the buzzword of the '80s," McKnight said. "Let's decentralize while we're downsizing and while we're trying to expand the business through acquisitions and mergers. It's a tough problem you're facing: balancing economy of scale with responsiveness to the visions, and with fewer people at your fingertips." How do you accommodate deregulation, downsizing, and decentralization? "My answer is automation," McKnight said.

► *Automation.* There's been an amazing growth of the number of PCs in offices. They're wonderful stand-alone "functions," McKnight said. But few organizations have truly capitalized on the decentralization and dissemination capabilities of PCs. You must plan for more use.

McKnight said he proposes that the barriers come down between payroll and human resources. The two must work more closely together. "The information you both have is only good if you can consolidate it for management's use."

The human resource information system. What's needed in a total human resource information system (HRIS)? If you look at it in terms of a wheel with spokes, the employee data base would include the following items, Dana LaChapelle explained:

- Applicant processing

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- Salary administration and employee relations
- Payroll processing
- Benefits and retirement (vacation and sick pay, medical and dental, flexible spending, deferred compensation, pension accumulation, retirees, benefits profile)
- Employment history
- Training and development
- Position control and manpower planning
- Compliance reporting

The total integration of employee data offers you flexibility, timely and accurate management information for planning and control, and simplified procedures and manual processing requirements. Why should you have an integrated payroll/personnel data base? It simplifies employee data base maintenance; it provides accuracy; it eliminates redundancy ("where there are multiple sources of information, there are multiple interpretations of information"). And most importantly, she said, it recognizes that human resource information is a corporate asset and that systems shouldn't reflect departmental orientation. "This underscores the need for payroll to work with other human resource functions," she emphasized.

Keep this in mind: Payroll functions remain static — payroll systems provide a means to pay employees. Their functions include maintaining pay data, collecting pay data, processing pay input, computing pay, controlling pay, disbursing pay and interfacing pay data. Other human resource areas define the rules — these systems are dynamic and changing.

A systems development approach. The key success factors in systems development, LaChapelle said, are:

▶ *Adequate user involvement throughout the systems development life cycle.* This includes both the functional and technical specifications. "Don't abdicate your responsibility in the systems development process," she advised payroll participants.

▶ *Clear communication with the MIS department.* How will you manage the project? LaChapelle said that first you need to develop and get commitment to a comprehensive work plan. You have to identify the steps, spell out responsibilities, and set a realistic schedule. You need an organizational structure for the administration of the project, and it should be one that fosters communication and provides a means for resolving policy issues. And you need to set controls in place (defining review and reporting procedures, for example). All these items are part of the strategic planning that must be done before starting the project.

The four-step approach. The first phase is the *information planning* phase in which the goal is to develop a blueprint for MIS activities. You will need to identify the projects, personnel, policies, and economics of the MIS system. What are the payroll manager's responsibilities in this phase? LaChapelle mentioned these:

- Help review current operations to provide an adequate and accurate perception of the operations in your department.
- Describe information objective.
- Define the support you get from current systems. Be sure to specify the requirements that aren't being met.

Quotes of Note

"You can't run a payroll department without being a perfectionist." — Carl L. Jahn, Payroll Manager, Mayo Clinic

"Social Security will be there when you get there. It's operating on a financially sound basis today, despite the legitimate concerns of a few years ago." — Dorcas Hardy, Commissioner, Social Security Administration

"Once you get a contact at the IRS, hang on to it! It's like gold! And get the person's phone number." — Floyd Skinner, tax consultant

"Payroll managers and tax administrators have a lot in common . . . including the challenge of managing constant change. With the dawn of this information technology age, change means much more than rewriting job descriptions and adding new job responsibilities. It often means getting used to entirely new ways of doing business. And the rate of change is accelerating with time, not slowing down. As only Yogi Berra could put it: 'The future ain't what it used to be.'" — Lawrence B. Gibbs, Commissioner of Internal Revenue

- Review the project descriptions that are being developed as part of the information plan.

- Help define the conversion strategy.

▶ *Step 2. Preliminary systems design.* The key outputs of this step, LaChapelle said, are: application software evaluation and design; installation plan; and cost-benefit analysis. The payroll manager's responsibilities:

- Review the project scope and the work plan.
- Ensure adequate user participation.
- Help define application software selection criteria.
- Help select the package and spell out any necessary changes.
- Help develop the plan for migration — user participation, conversion timetable, critical path/target dates.

▶ *Step 3. Systems installation.* The key outputs of this step include installed and tested software in place; user procedures developed; and the converted system in place (be sure this includes the manual procedures in your department). The payroll manager's responsibilities:

- Monitor project work plan.
- Ensure adequate user participation.
- Help resolve design points and issues.
- Review and approve conversion plan.
- Develop user procedures and make sure they're workable and understandable.
- Conduct training.
- Assist in system testing and conduct user test.
- Convert to new system.

▶ *Step 4: Production system support.* In this final stage, the payroll manager has the following important responsibilities: Help monitor the system, including both the automated and manual procedures. "When you update the system," LaChapelle pointed out, "be sure to update the procedures."

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- Identify and document desired system changes.
- Set priorities for enhancements.
- Help implement changes.

Although this is the final step, remember that this systems development approach is an ongoing process in which you'll be repeating steps as the need arises, LaChapelle reminded participants. And be sure you always have clear lines of communication with the MIS department.

Education in Payroll — You Can Make It Happen!

"Today's payroll manager or administrator needs software and hardware savvy, current tax knowledge, accounting expertise, and awareness of all manner of government requirements," *James Maumus*, Payroll Manager, McDermott Incorporated, told congress participants in a keynote address. Maumus, 1986 Payroll Man of the Year, recollected how some of the audience probably got their payroll jobs:

"You may have been an accounting clerk, a bookkeeper, or an accountant. And the payroll manager needed someone to fill a vacancy. You were told: 'There's nothing to it. It's just clerical work. You can do it.' or 'We have a real mess down there and we need someone with your organizational skills. You can do it.'"

This won't work anymore, Maumus said, and payroll people, especially APA members, must educate their management, their colleagues, and the community where they work about the job of the payroll professional.

What you can do. Payroll practitioners need sources of education in all the new elements of their jobs — taxes, electronic systems, accounting, and government requirements. Although APA and its local chapters have taken some steps to provide these educational opportunities, more must be done to promote formal payroll education in recognized educational institutions, Maumus said. "You must teach payroll to others," he stressed, "because people not engaged in payroll on a regular basis can't teach it to others." How to go about this:

▶ Demand payroll education in local colleges, universities, and business schools. Make yourself available to participate. Seek out the school administrators and explain the need. Offer to work with them to prepare a continuing education plan, for example.

▶ Use this acceptance to show businesses and managers in your area the importance of education for payroll staffs.

▶ Remember that only you can demonstrate the importance of payroll.

Case in point. As a self-taught trainee himself, Maumus said he recognized the need for formal educational programs. So he approached the continuing education division at the University of New Orleans. The proposal: a program of 12 two-hour sessions leading to Continuing Education Units and a certificate in payroll accounting administration. The proposal was accepted after he convinced the university administration of employers' needs for such a program. The proof of the need: although it was anticipated that only a dozen or so "students" would show up for the course, 35 people registered immediately and another 35 were soon knocking on the door.

"You should consider doing the same," Maumus said. "You have the skills, knowledge, and ability!"

**Joint
Financial
Management
Improvement
Program**

December 1986

**Meeting the
Challenge of
Modernizing the
Government's
Financial Systems
By Using Off-the
Shelf Software
and Systems**

WHAT IS JFMIP?

The Joint Financial Management Improvement Program (JFMIP) is a joint and cooperative undertaking of the Office of Management and Budget, the General Accounting Office, the Department of the Treasury, and the Office of Personnel Management, working in cooperation with each other and with operating agencies to improve financial management practices throughout Government. The Program was initiated in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General, and was given statutory authorization in the Budget and Accounting Procedures Act of 1950. The Civil Service Commission, now the Office of Personnel Management, joined JFMIP in 1966.

The overall objective of the Joint Program is to make improvements that contribute significantly to the effective and efficient operation of governmental programs. Activities aimed at achieving this objective include:

- Developing general objectives in those areas of common interest to the central agencies for guiding the improvement of financial management across government and promoting strategies for achieving those objectives.
- Reviewing and coordinating central agencies' activities and policy promulgations affecting financial management to avoid possible conflict, inconsistency, duplication, and confusion.
- Undertaking projects and special reviews of significant problems and new technologies in financial management and publishing the findings and conclusions, often in the form of "best practices," as guidance to the operating agencies and with recommendations, if appropriate, to the central agencies.
- Acting as a catalyst and clearinghouse for sharing and disseminating financial management information about good financial management techniques and technologies.
- Reviewing the financial management efforts of the operating agencies and serving as a catalyst for further improvements.

The JFMIP plays a key role in mobilizing resources and coordinating cooperative efforts in the improvement of financial management practices, and relies on the active participation of Federal agencies to be successful. The Joint Program is guided by a Steering Committee consisting of key policy officials from each of the central agencies. A key official from a program agency, currently the Department of Agriculture, also serves on the Steering Committee. A small staff headed by an Executive Director provides support to the Committee.

MEETING THE CHALLENGE
OF MODERNIZING THE GOVERNMENT'S
FINANCIAL SYSTEMS BY USING
OFF-THE-SHELF SOFTWARE
AND SYSTEMS

December 1986

Joint Financial Management Improvement Program

EXECUTIVE SUMMARY

The purpose of this paper is to explore the challenge and principal issues related to using commercially packaged software and government-owned systems, in lieu of custom development of systems, as a means for modernizing the government's financial systems. The paper also explores ways for accelerating the modernization effort.

All the major agencies participated in at least one of two forums held in September and October, 1986, on this topic. The forums addressed a number of questions, including:

- o Can commercial software meet the accounting and volume processing requirements of large agencies?
- o To what extent should agencies be customizing vendor-supplied core software to cover current requirements?
- o Can vendors respond timely to future user needs and new governmentwide requirements?
- o Can the strategy of using off-the-shelf software be enhanced by standardization of core financial requirements across all major agencies?
- o How do the use of off-the-shelf software and the government's initiative on further standardization of data elements, classifications, etc., relate to each other?

This paper answers these and other key questions which were discussed in the two forums.

The overall conclusion is that the use of off-the-shelf software represents a preferred approach for modernizing the government's financial systems, thus confirming the policy set forth in Office of Management and Budget Circular A-130. Most of the agencies expressed a strong sentiment for letting the market-place meet, to the maximum extent possible, their needs for modern financial systems.

In addition, nearly all agencies were supportive of initiatives toward further standardization as a means to achieve greater uniformity and integration of systems and to better meet the information needs of managers.

ACKNOWLEDGEMENTS

The Joint Financial Management Improvement Program would like to thank those many agency people who participated in the off-the-shelf software forums held on September 19, 1986, and October 22, 1986, and contributed their thoughts and experiences for the benefit of others. We owe a special thanks to the Federal Financial Managers' Council for its willingness to co-sponsor the September 19 forum, and to the Department of Labor for hosting both forums.

In addition, we also owe special appreciation to those many program and central agency officials and staff who, in providing their thoughts and insights on the draft paper, appreciably increased the value of the finished product as an implementation guide for Federal agencies.

A handwritten signature in cursive script that reads "David V. Dukes". The signature is written in dark ink and is positioned above the printed name and title.

David V. Dukes
Executive Director

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INTRODUCTION

A key improvement objective of the Federal Government is to modernize, integrate and consolidate its financial systems. The goal for the future is a single, integrated financial management system for each major agency. Related objectives include accurate, comparable financial information and efficient, effective internal controls.

To give policy direction to this effort, the Office of Management and Budget (OMB) issued Circular A-127, "Financial Management Systems," dated December 19, 1984, and followed up with additional guidance several times during 1985. One of OMB's most significant new requirements was incorporated in Circular A-130, "Management of Federal Information Resources," dated December 12, 1985. Under this Circular was the requirement that agencies must acquire "off-the-shelf" software and systems^{1/} in any replacement of current systems, unless the cost-effectiveness of developing custom software is clear and has been documented. This new requirement gave rise to a number of important issues among the agencies.

In the meantime, the initiative to modernize, integrate and consolidate financial systems has been moving slowly. It clearly is in need of a significant boost to speed up the agencies' efforts.

The purpose of this paper is to discuss the challenges related to use of off-the-shelf systems and to offer suggestions for resolving issues so as to help clear up concerns and confusion among the agencies. In addition, the paper provides suggested actions for accelerating the efforts toward modernization. The paper incorporates many of the comments and thoughts of agencies which reviewed the discussion draft.

^{1/}"Off-the-shelf" software and systems includes commercial and government-owned applications software and commercial applications-building software tools such as data base management systems, decision-support systems, report generators, data dictionaries, and other fourth generation language (4GL) tools.

BACKGROUND

In modernizing financial systems, OMB's basic approach with the agencies has been to let them achieve the goals of Circular A-127 in a manner that best suits their needs, except that:

- the systems they develop must not be too costly;
- the systems must reduce and consolidate the number of current financial systems;
- the systems must enhance uniformity of budget, accounting, etc.; and
- the systems must enhance internal controls.

To implement this strategy, the agencies have been precluded from building their own customized financial systems (custom building normally takes too long, is normally too costly, and does not seem to enhance uniformity). They have been directed to:

- acquire and use commercial off-the-shelf software, where feasible;
- adopt and install another agency's system (if it meets the tests of a modern system);
- use cross-servicing from another Federal agency (such as the General Services Administration and Agriculture's National Finance Center); or
- use some combination of these approaches.

The policy requiring the use of commercial software has been a particular challenge to the large agencies. In mid-July, 1986, the Federal Financial Managers' Council and the Joint Financial Management Improvement Program co-sponsored a forum on Circular A-127. At that forum, a number of the large agencies expressed a belief that, without any success stories to point to, vendors' current off-the-shelf software packages have not shown to be adequate to meet their complex accounting requirements. The only Federal agency implementations to look at and talk about have been in basically uncomplicated bureau-level operations, perhaps with limited functional activities compared to the immense scope of departmentwide accounting requirements and activities of the large departments.

This issue and other concerns (such as generic functional requirements and standardization) were discussed in another co-sponsored technical forum on September 19, 1986. The forum was attended by representatives from all the central and major agencies. Several agencies discussed their evaluations of off-the-

shelf accounting systems and several bureau-level agencies discussed their implementation and actual use of commercial software packages. A second forum was held by the JFMIP Steering Committee on October 22, 1986, with several deputy assistant secretaries and controllers to review, from a policy viewpoint, the use of off-the-shelf commercial software and standardization of functional requirements.

The forums ended with several agencies continuing to have mixed views due in large part to the lack of success stories at that point among the large agencies. However, subsequent to the forums, a number of successful large-scale implementations of packaged software have come to light in State and local governments, as well as one in Canada's Defense Ministry. Nevertheless, a number of issues, discussed in the next section, need to be resolved. In spite of these issues, most agencies favored the use of commercial software, and a few favored use of an appropriate government-owned system, as cost-effective bases upon which to build toward long-term improvement of the government's financial systems. Most agencies believed that the major drawbacks of commercial packages could, in time, be overcome with appropriate central agency policy direction and coordinated efforts of the agencies working with the software vendors. Nearly all agencies expressed their support for governmentwide standardization of core requirements under leadership of the central agencies through JFMIP.

KEY QUESTIONS AND ANSWERS

The off-the-shelf software concerns and issues identified in the two forums are summarized into the following nine key questions:

1. Can commercial packages truly meet the accounting and volume-processing requirements of large agencies?
2. To what extent would it be appropriate for agencies to customize vendor-supplied core software to cover unmet requirements?
3. Can vendors respond in a timely fashion to future needs of agency users and to new governmentwide requirements?
4. Can vendors' software packages meet agencies' MIS needs and future direction?
5. Are the time and costs required for implementing off-the-shelf software often understated significantly?
6. Are there long-term risks in relying on vendors to support the financial software needs of the government?
7. Do the advantages of using commercial packages outweigh the advantages of upgrading or rebuilding existing Federal agency systems?
8. Can the strategy of using off-the-shelf software be enhanced by developing generic functional requirements for use across government?
9. How do the use of off-the-shelf software and the government's efforts to standardize data elements relate to each other?

Each of these questions is addressed in the following paragraphs.

1. Can Commercial Packages Truly Meet the Accounting and Volume Processing Requirements of Large Agencies?

This question has two dimensions for commercial packages: Can they handle the more complex functional accounting requirements found in large agencies? And can they handle the higher volume processing loads of these agencies?

Complex Accounting. Large agencies do indeed have complex accounting requirements, including trust funds, working capital funds, management funds, cost allocations, etc. Many of the requirements are programmatic in nature, such as those that are found in many of the government's loan programs, and there is a question whether current packaged software can handle the many breakouts of data for the major agencies which have diverse functions. Where specific requirements are unique, there should be no expectation of vendor software meeting those requirements. The more unique the requirements are, the greater is the deterrent to cost-effective use of vendor software.

The experience of a cross-section of several agencies and bureaus (HUD, GAO, FBI, Railroad Retirement Board, and Agricultural Stabilization and Conservation Service) using three different vendors is that commercial software does meet most of their general accounting needs. The main difficulty that these agencies have experienced is that they have had to either conform their internal procedures to the methods established in each of the vendor's packages, or modify or build around the software packages to conform to the agencies' practices (modifying or customizing the vendor's software is an issue discussed later). Despite these drawbacks, the agencies which are using commercial packages are generally pleased with them because they are much improved over their old systems.

Several major agencies have evaluated currently available commercial software and are either in the process of procuring packages or installing them. These agencies have concluded that commercial software meets a high percentage of their accounting requirements. Since these requirements are generally common to all agencies, the conclusion to be drawn is that off-the-shelf packages will likely meet a high percentage of the accounting requirements of other large agencies as well. They believe that packaged software provides a strong, cost-effective base upon which to build enhancements or interfaces to satisfy unmet or unique requirements. Also, there is evidence of considerable flexibility in agencies' requirements. However, agencies should guard against any attempt to force programs to fit an available accounting package if the results would be impractical.

Volume Processing. Another potential requirements problem that concerns the large agencies, but has not been a problem to the smaller agencies, is whether vendors' software can efficiently handle high-processing production volumes for online input of transactions and huge batch updates of files. Clearly, this area requires careful evaluation. Commercial packages, by nature, are designed to be extremely flexible in order to satisfy a wide variety of client requirements. Highly flexible, extremely table-driven systems, however, seem typically unable to efficiently handle the high-volume, transaction-processing requirements of large agencies. It is possible, therefore, that vendors may have to modify their packages to permit efficient, large-volume processing. Agencies should look for system architecture, network-

ing, and distributed processing as possible means to enable commercially available systems to operate efficiently.

As another means, agencies might seek licensing concessions from the vendors to provide software packages at a reduced price for the purpose of conducting full-scale evaluations of the capacity capabilities of the software. This cautionary step would avoid unduly exposing the Federal agencies to heavy development and conversion costs.

2. To What Extent Would It Be Appropriate for Agencies to Customize Vendor-Supplied Core Software to Cover Unmet Requirements?

The answer to this question is proceed with caution. Customization involves three basic types:

1. Interfaces - This is software especially required to provide two-way data flow between the vendor's software and other systems of the agency (for example, to permit data from a payroll system to update files of the vendor-supplied general ledger package). The interface software between systems is absolutely essential and must be included in the development effort.
2. Building functionality around (or outside) the core package - Agencies may have unique functional needs that are not met by a vendor's basic software package. Therefore, an agency may be forced to add new software to meet those requirements. This should be done, however, only where the agency has concluded that the requirement is either truly unique or absolutely essential to the agency and the vendor will not modify its core software to incorporate the requirement. The resultant module would have to be interfaced with the core. This approach, however, can create for an agency an environment of potentially growing complexity and cost to maintain. For profitability reasons, a vendor may not want to modify its core software if it believes the change will not have broad acceptance and marketability to its existing or potential base of users. Agencies are encouraged not to modify the core software themselves, because to do so risks losing the vendor's maintenance support, future upgrades, and possible new functional modules which integrate with existing modules.
3. Integrating enhanced functionality into the core package - This approach is highly desirable on the condition the vendor makes the modifications and maintains the enhanced core as part of the vendor's proprietary product line. If a new function is needed, but is not offered by the vendor, it may be preferable to negotiate with the

vendor to construct either an integrated or a stand-alone module as a vendor proprietary package. The package would then become available to other users under the vendor's licensing fee or leasing arrangement. The agency may have to make trade-offs with the vendor to gain broad appeal to other users.

As a matter of choice, agencies should attempt to negotiate with vendors to incorporate changes and integrate functions into the existing packages. Vendors would then maintain the enhanced packages as part of their proprietary product lines.

If vendors will not agree to incorporate changes into their proprietary product lines, agencies should build functionality around the package and interface this additional functionality to the core package rather than modify the core package.

The objective remains to place the responsibility for maintenance and upgrades on the vendors rather than the government. Since the vendor will be performing the maintenance and upgrade services for several agencies, the overall cost should be less than having each agency maintain and upgrade its own system.

Agencies need to form user groups to apply pressure on the vendors to respond to common requirements and to maintain these common requirements as part of the core package. User groups will also assist in achieving and maintaining uniformity among agencies over the long term.

3. Can Vendors Respond Timely to Future Needs of Agency Users and to New Governmentwide Requirements?

One of the management improvement objectives of the central financial agencies is to improve the uses of financial data so that the decisionmaking needs of the operating and central agencies are better supported. Such an effort could result in a requirement to capture new data elements.

Can vendors respond to such a requirement and to other user needs? Any answer to this question would be largely speculative because of lack of experience in these areas. However, some insights are possible.

Future Needs of Users. Most of the vendors are offering some fourth generation language (4GL) tools, including propriety languages developed by and for the vendor. The most prominent one is reports generators which give users the flexibility to design their own reports, thus enabling users to obtain data in a variety of forms out of the existing data base. Many people believe that vendors will continue to enhance their software technologically.

Adding new functional modules, however, can be costly and time-consuming because a number of vendors have designed their packages as "architecturally closed"^{2/} systems, in some cases using proprietary languages. Adding a new module to operate interactively with existing functions can mean a complete redesign of the entire package. This appears to be true even though a data base management system (DBMS) may be employed as part of a vendor's package. (Note that most vendors which offer a DBMS with their applications packages seem to be using the DBMS primarily for file maintenance and only secondarily for limited query capability.)

To avoid major redesigns, it is preferable to design a system with all of the needed functions in mind. This means specifying the requirements to at least a macro level and identifying the interrelationships of the functions. Given these constraints, it is unlikely that vendors will be willing to redesign their packages at a reasonable cost every time an agency wants a new function. This area appears to need much more thought for the future.

New Governmentwide Requirements. If vendors are to support the Government's needs, they must be willing to be responsive to changing requirements. For example, if the Congress were to enact legislation which imposed new accounting requirements on the agencies, as the Congress did with prompt pay legislation in 1982, vendors must be willing to make the needed changes. Implementation, of course, should allow time for the necessary negotiations with the vendors. It may be desirable for the agencies to agree on one or more lead agencies for procurement purposes and negotiate the changes through their vendor-user groups.

Can all of this be done timely? Vendors will probably be as timely as most agencies have been in doing it for themselves. In addition, the cost should be less overall since the cost would be spread by the vendors over a base of multiple users.

The most effective means for getting vendors to be responsive appears to be through the formation of strong user groups which can exert pressure on the vendors. Above all, the government as a whole can itself be more effective if it will define its needs and when it requires the software. This issue is addressed later.

^{2/}"Architecturally closed" means that the applications software is designed in such a way as to be highly difficult and costly to modify for adding new features or integrating the existing applications with new application modules. In addition, the vendor may be using proprietary languages.

4. Can Vendors' Software Packages Meet Agencies' Management Information System (MIS) Needs and Future Direction?

The answer is that vendors' packages currently fall short of meeting today's MIS needs of agencies. This is an area that deserves more attention by vendors and the agencies as well.

Financial management systems are the cornerstone for a well functioning management information system which supports management decisionmaking. Agencies in general have not developed the capability to effectively relate or integrate financial data with other management and program data, for example, productivity data. As a result, management is usually forced to make decisions based on ad hoc or, frequently, anecdotal information.

A number of agencies are now considering solutions to this problem through the use of DBMS and other software tools. If properly designed, the DBMS provides the capability for creating a "corporate data base" containing the functional and program data which management draws upon for assistance in making decisions. The principal difficulty is to define the data needed and to draw the data together into the DBMS from the agency's various management and program feeder systems. A related problem is to be able to draw the data together in a way that assures consistency, accuracy, and reliability of feeder systems data.

Many of the currently available off-the-shelf accounting packages provide data dictionary functions, communications functions to upload and download data between mainframes and mini/micro computers, report writer functions, and inquiry functions. Also, many of the vendor packages operate in a DBMS environment. However, the primary focus of these packages is on transaction accounting and related applications. Vendors generally have not focused much attention on the broader MIS needs of agencies, more than likely because the agencies themselves have not focused on these needs.

In developing an MIS capability, agencies face the problem that their various systems operate in differing hardware and software environments and cannot talk to each other except in batch mode. Vendor products typically lack compatibility, interoperability, and portability. The computer industry is being urged by the Defense Department and others to correct these problems so that systems can be replaced or upgraded without being locked into a single supplier.

Recently, vendors' packages have begun to address these problems with generic interface and networking software which transforms incoming data from one system into interpretable data for another system. Agencies need to assist vendors in defining requirements in this area, so as to enable vendors to refine the software currently available to perform this function.

5. Are the Time and Costs Required for Implementing Off-the-Shelf Software Often Understated?

Historically, time and cost estimates for all types of software development and installation activities have been understated. However, the accuracy of the estimates for off-the-shelf software should greatly improve as more agencies acquire and install commercial packages and share their lessons learned with other agencies.

The development and implementation process is complex and includes several steps: requirements analysis, acquisition, installation, testing, training, and conversion. Experience shows that all the steps in this process for an accounting system, using off-the-shelf software, has taken as little as a year in a highly controlled small environment, but can take four or more years in a highly fragmented, decentralized large agency.

Users need to be involved throughout the process so as to gain the greatest possible acceptance.

The requirements analysis is an important, but often slighted, step. Experience shows that a detailed analysis can take from three months to a year or more for the accounting function alone. The length of time will increase as the number of functions being analyzed and documented is increased. A requirements analysis is essential to identify unique requirements, and for proper selection of packages and successful implementation in the shortest possible time. This is particularly true when an agency finds it necessary to change its internal procedures and retrain people so they can adapt to the standards contained in the vendor's package. An agency must map carefully how it will get from where it is to where it has to be under the vendor's software. A requirements analysis aids this process.

Agencies should tell vendors "what is needed," and avoid telling them "how to do it." The "how of it" should be left to the vendors.

Evaluation and selection of packages is not trivial either, particularly when multiple functions are involved and several software interfaces may have to be designed and built. Agencies should cost out in-house versus packaged solutions, including full cost of developing or acquiring, implementing, operating and maintaining software under both modes of developing systems.

Agencies need to recognize that the cost of packages can run several hundred thousand dollars (depending upon the number of functions being acquired), and three-to-four times that amount for contractor and in-house support for enhancements, additional modules, and interfaces. Unless the packages are implemented almost "as is," which is unusual, agencies can expect to pay somewhat the same for computer operating costs in support of development testing of either a vendor-supplied system or a custom-built system.

6. Are There Long-Term Risks in Relying on Vendors to Support the Financial Software Needs of the Government?

There are some risks. Without "portability" or "interoperability," an agency will be locked to a single vendor. The government as a whole may end up with only three or four primary vendors. Once the Federal business is exhausted, with each vendor gaining a share of the market pie, the competition to continue to meet the government's maintenance needs at a fair and reasonable price may be diminished. However, the emergence of "portability" and "interoperability" could change this.

Vendors may not have absolute commitment to meet long-term integration needs of the government. Also, a vendor could suddenly go out of business, resulting in costly reprocurments and conversions from one system to another. Therefore, an agency needs to evaluate each vendor's stability and commitment to the government marketplace.

While these risks may someday become real, they need not be a primary deterrent to the use of commercial software. The risks inherent in supporting off-the-shelf software packages seem considerably lower than in relying on vendors to support agencies' custom systems developed by vendors under contract to the government. The government's policy of favoring the use of off-the-shelf systems is likely to be less costly overall and result in faster implementation of systems. In addition, vendor systems are likely to become increasingly adaptable to changing requirements and technology.

7. Do the Advantages of Using Commercial Packages Outweigh the Advantages of Upgrading or Rebuilding Existing Federal Agency Systems?

A number of agencies are considering the possibility of upgrading or rebuilding government-owned custom systems to meet their accounting requirements. This section sets forth the principal advantages and disadvantages of commercial software versus upgrading or rebuilding an existing system. Some of these advantages and disadvantages were discussed in previous sections.

Advantages of Using Commercial Packages vs. Rebuilt Custom Systems

- o Commercial packages will likely be less costly to acquire and faster to install, particularly if the agency's custom-built system requires major rework. The underlying premise is that vendors can spread their costs across multiple users, whereas the custom-built system's costs must be absorbed entirely by one agency.

- o The expectation is that vendors will meet new requirements needs of Federal agencies at much less cost than the cost of modifying a custom-maintained system. Again, the principle here is: the larger the user base, the cheaper the maintenance is to the individual users.
- o Vendors have made significant progress in recent years in incorporating new technology in their software. This progress is expected to continue as an ongoing process. The new technology will be made available automatically to agencies under annual licensing fees paid to vendors. If agencies choose custom-built systems, agencies may find it very expensive to maintain those systems consistent with changing technology. Continuing budget restraints may make this impossible.
- o Vendors can acquire and keep high quality professional staff devoted to developing and maintaining their packaged software. Federal agencies cannot compete with the private sector on salaries for quality staff. In addition, agencies may not even be able to sustain an adequate staffing level to properly support its custom-built systems.
- o Working through vendor user groups enhances the probability of the Federal Government achieving greater uniformity in its accounting systems in a much shorter timeframe.

Disadvantages of Commercial Packages vs. Rebuilt Custom Systems

- o Currently, commercial packages do not meet as high a number of accounting requirements as custom-built systems. However, experience is showing that most vendors are anxious to do business with the Federal agencies and are willing to modify their packages to meet most Federal requirements. The challenge is to make the needed modifications, working through user groups, so that they satisfy multiple agencies, rather than only one agency. In so doing, the costs to the Federal Government should be less.
- o Available commercial packages may not meet an agency's technical requirements, for example, operation in a particular ADP or DBMS environment. In such an event, an agency should survey the vendors to ascertain whether they are developing the needed capability and when it would be available. Other solutions should also be explored, such as use of generic interface and networking software. The costs and benefits of all feasible solutions should be determined before deciding in favor of upgrading or rebuilding an existing Federal agency system.
- o An agency may become locked into a single vendor. For business reasons, the vendor may decide to reduce its support of the Federal business or may even go out of

business. To offset this possibility, agencies should acquire software only from vendors who are willing to contract their capacity and capability to support the Federal agencies over the long-term, perhaps for at least a 5-year period.

The overall conclusion to be drawn is that the advantages seem to weigh heavily in favor of letting the marketplace meet agencies' financial systems needs over the long-term. If an agency has serious doubts, it may need to undertake a detail cost-benefits analysis of the available alternatives.

8. Can the Strategy of Using Off-the-Shelf Software Be Enhanced by Developing Generic Functional Requirements for Use Across Government?

The answer to this seems to be an unqualified yes, but as a longer-term strategy. Such an effort, if undertaken, should be done in a way that would enhance the current overall modernization initiative, not cause it to slow down. In addition, all agencies should be involved in the process.

The Department of Transportation (DOT) began an effort about two and one-half years ago to develop a generic model of accounting and fund control requirements that might be used government-wide. A draft of those requirements has been completed. DOT intends to use the document as its requirements statement for bidding by vendors. The document's value to other agencies, however, is untested at this point. Several agencies have expressed interest in comparing the document's comprehensiveness and validity against their own developed requirements. In addition, the DOT document may prove to be a useful guide for those agencies which have not yet done their own requirements, thereby accelerating their efforts. Further, if several agencies endorse or further enhance the document (perhaps through user groups), it could prove valuable in getting vendors to agree to enhance their current software packages.

A similar approach might be useful with respect to other financial management functions, including requisitioning, purchasing, contracting, receiving, accounts payable management, accounts receivable management, travel management, cost, supply management, property management, and buildings management. An agency which has developed functional requirements for a particular function (for example, property management) could make its requirements document available to other interested agencies for comment and suggested enhancements. Once the requirements are endorsed by the agencies, they could provide the foundation, perhaps under a lead agency concept, for vendors to develop or enhance packages that would meet the requirements. Alternatively, a central agency might enter into master agreements, which agencies can ride, with a number of resource-strong contractors.

Any effort to develop generic functional requirements across government must be based on a multi-vendor strategy so as to encourage healthy competition among vendors in supplying financial management packages to the Federal agencies.

9. How Do the Use of Off-the-Shelf Software and the Government's Efforts to Standardize Data Elements Relate to Each Other?

The two are related in that they both support the initiative to modernize, integrate, and consolidate financial systems within and among the Federal agencies. However, as a practical matter, the two are separate. For example, the recently concluded effort to develop and issue a standard governmentwide general ledger for use throughout Government had no direct relationship to the Government's use of off-the-shelf software and systems. Rather, it is related to the Government's goal to make governmentwide reporting and consolidated financial statements more consistent and meaningful by standardizing the account structure used by all Federal agencies.

At present, however, standards are not in use across Federal agency lines for computer processing or editing of accounting transactions. Differences arise among agencies because of lack of agreement on definitions of terms and edit criteria, and because the agencies process transactions differently in their various accounting systems, even within the same Federal agency. Use of off-the-shelf software may not solve this problem because of the differing processing methods used by one vendor to the next. Yet, to the extent that such packages are flexible enough to meet the varying needs of the agencies, they may also prove to be flexible enough to meet additional standardization requirements.

A new initiative is needed to develop further uniformity in Federal financial information through standardization of appropriate data elements, definitions, etc. The scope of such an initiative requires further thought. It should be designed so that it will not significantly impact agencies' current efforts to modernize their financial systems using off-the-shelf software and systems.

ACCELERATING MODERNIZATION

The central agencies share a common interest in efforts to accelerate the modernization of the Government's financial systems, particularly in the large agencies. These efforts include the furthering of standardization of terminology and data elements and development of a framework for improving the information support of management. A number of things can be done.

Establish Commitment. Acceleration begins with top management -- the heads of agencies. They must recognize that the problem exists and be willing to make a commitment to resolve it as a priority matter. The September 19, 1986, memorandums on this subject from OMB Director James Miller and Deputy Director Joseph Wright to the heads and deputy heads of agencies, respectively, represent a significant step toward obtaining that commitment. The agency heads have been put on notice that the upgrading of the Government's financial management and accounting systems will be a major part of OMB's FY 1988 budget reviews.

Set a Goal and Strategic Plan. In its Circular A-127, OMB has set the goal -- a single, integrated financial management system for each major agency -- and has required each agency to develop a 5-year plan for achieving the goal. What each agency's plan needs to reflect is a general vision and the broad strategic building blocks for achieving the goal for itself. A vision and plan are essential to avoid wandering from one idea to another.

Confirm the Off-the-Shelf System Policy. Despite a number of lingering concerns, and acknowledging that a number of issues need to be resolved, using off-the-shelf software and systems continues to be a viable policy. This approach should enable faster implementation at substantially less cost than custom-building a system from scratch. In addition, reaffirmation of the policy will further encourage the vendor community to be responsive to the Federal Government.

OMB's policy has permitted an agency to adopt another agency's system if the system meets the tests of a modern system. To date, no agency has stepped forward with a modern system that will meet a large department's requirements without major rework. Any proposal to redesign and rebuild any existing system for any of the large agencies must be carefully weighed against the advantages of using vendor-supplied software or cross-servicing offered by another agency.

As a means to speed implementation of new systems, agencies need to be encouraged to implement vendors' core software packages "as is," if at all possible. The policy should discourage agencies from customizing the core software except to meet unique requirements. If enhancements of the core are needed, agencies

should work with the vendors and through vendor user groups to get those enhancements incorporated in the core.

Cross-servicing is an alternative which agencies should consider seriously, because it offers at less risk the opportunity to use proven systems which are already meeting the government's accounting system needs. To be acceptable, however, it must fit with an agency's goal of a single, integrated system which will meet the information needs of management, and also be less costly than using commercial off-the-shelf software.

Establish a Tactical Plan for '87 and '88. If agencies are to show significant progress by the end of FY 1988, then what gets done in FY 1987 is key. If not completed already, agencies need to establish very quickly several concrete steps that will lead to real, substantive progress toward achieving the above stated goal. These steps include the following:

- The agency needs to assess at what stage the agency is in with respect to its development and implementation process: planning, requirements analysis, acquisition, installation, etc.
- The agency needs to develop for itself a tactical plan, consistent with its 5-year plan under Circular A-127, for achieving substantive progress in '87 and '88.
- The agency head needs to establish an oversight mechanism for keeping the agency's management involved and to resolve issues as they arise.
- Agency management needs to establish a mechanism for keeping user components involved in what's happening. Having "ownership" of the system is a key concept for gaining user organizations' acceptance of a new system.

The tactical plan itself is key. It should be based on a building block approach. An agency's plan needs to include acquisition, if cost beneficial, of one or more software packages as an '87 action item for implementation in one or more major components of an agency during FY 1988. If an agency has not yet done a requirements analysis, it could obtain the requirements analysis of one or two agencies that have completed theirs. The agency could then use these as a guide for doing a "top down" functional requirements analysis for the purpose of identifying unique needs and providing the basis for selecting one or more vendor packages. This step can then be followed by a more detailed analysis, if necessary, to implement the package in the selected agency components.

If an agency is uncertain how its financial management functions will be integrated with its management information system functions, the agency management could choose to bridge

between the agency's financial processing data bases and the agency's MIS data base by developing temporary interfaces for the short term.

Fund the Tactical Plan. Agencies already have their appropriations for FY 1987. Agency heads can demonstrate their commitment to the modernization initiative by allocating resources from FY 1987 funds for the first installment purchase of appropriate commercial packages. The funding needs to include any required contractor assistance for implementation. The plan should call for any needed additional purchases of packages and contractor assistance from FY 1988 funds.

Care is needed in selecting a funding approach for system modernization so as to avoid risky aggregation of budget requests that makes them visible targets for cuts. The central agencies can help by articulating effectively to the Congress their support for implementation of departmentwide integrated systems.

Continue Standardization and the Improvement of Financial Information. The need for better data and information is increasing rapidly as the efforts increase to reduce the budget deficit and improve productivity. Also, standardization is seen as a means to make information more meaningful while at the same time reducing costs. Therefore, it is important to develop these initiatives under the direction of the central agencies, in consultation with the operating agencies.

Work Cooperatively. Clearly, the central agencies and the operating agencies agree on the goal to improve financial management. It is the cornerstone that leads to overall improved management of Federal programs and operations. A cooperative spirit is key to achieving that goal. As problems arise, they need to be addressed quickly by agency management, and as needed with appropriate OMB officials.

Agencies can benefit significantly from the experiences of each other. For example, requirements analyses and procurement approaches can be shared.

The JFMIP and Financial Managers' Council can hold short forums geared to addressing cross-cutting problems and issues. Workshops and conferences can be used to disseminate information.

Summary. Under Reform '88, agencies have already devoted much thinking to reforming their financial systems. The time has come to crystalize this thinking into concrete implementation. Agencies will want to use every avenue available to them to accelerate the modernization initiative and demonstrate substantive progress during the next 2 years.

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D/OIT

Ed,

The paper I mentioned to you. Pls review + let me have your thoughts. I have asked D/OIT (with [redacted] + co) to get with D/OIT + try to keep this potential secure but don't hold out when mutual level. I have much hope that this won't eventually end up in here.

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Integrated Personnel/Payroll System

FROM:

Allen Elkins
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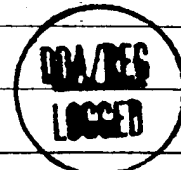
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NO.

OF-0216-87

DATE

28 August 1987



TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

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C O N F I D E N T I A L



28 August 1987

MEMORANDUM FOR: Deputy Director for Administration
FROM: Allen R. Elkins
Director of Finance
SUBJECT: Integrated Personnel/Payroll System

1. Background - Representatives of the Office of Personnel, Office of Information Technology and Office of Finance have been examining how we can best integrate Agency personnel and payroll systems. A joint task force report being issued raises significant concern that requires me to go on record with a "heads up" at this time. With the impending move of Compensation Division to the Office of Personnel, I recognize that Ted Price will soon have primary responsibility for this effort but I think it is crucial that progress continue toward developing an integrated personnel/payroll system in the IDMS/R environment.

2. Current Status - The approach currently being considered would complete the work done by our Price Waterhouse contractors to provide Compensation Division with on-line access in IDMS/R for query and update of certain payroll data and permit these data to be transferred to the existing biweekly system. This provides short-term relief to Compensation Division but does not fix the broader problem of replacing the outmoded payroll system and providing critical personnel data in a common data base. The next step being proposed by the task force is to leave the existing personnel system in the GIMS environment and to duplicate the data in IDMS/R for use by a new biweekly pay system with a completion date estimated for January 1990. The personnel system would be built after the payroll system.

3. Concern - My concern with this approach is that it will perpetuate separate personnel and payroll system components for too many years. I doubt that a truly integrated personnel/payroll system with decentralized input and query throughout the Agency would be

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SUBJECT: Integrated Personnel/Payroll System

available before 1991 at the earliest. I believe this would be unacceptable to Agency managers.

A secondary concern is that the proposal of the task force for building a new biweekly payroll system appears to be underestimated by 200 percent or more. The completion date of twenty-six months for a new payroll system is bound to slip unless additional talent and money are applied to this effort. Replacing our existing payroll system is a top priority for the Agency that requires earlier resolution.

4. Summary - Please be assured that the decision to move Compensation Division from the Office of Finance to the Office of Personnel has no bearing on my concern expressed in this memorandum. The need to integrate the personnel/payroll system has been an active effort for me and my staff over the past two years. We have searched for commercial systems, examined government systems such as the Department of Agriculture personnel and payroll system, and worked on both in-house and contractual development strategies. Based on these experiences, I believe it is appropriate to alert you that the current approach that the Office of Personnel is considering appears flawed. It will not achieve any near-term integration of personnel and payroll systems. Alternative systems and schedules should be examined before we develop new systems in a manner that may perpetuate a separate personnel and payroll system. I believe we should be undertaking incremental development of an integrated personnel/payroll system. I would be happy to discuss this further if you wish.



Allen R. Elkins

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