

Exhibit B – Functional Specifications

State of Colorado Department of Personnel and Administration (DPA)

Payroll System Procurement & Selection
FINAL

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NOTE TO OFFERORS

The specifications listed in this document will be evaluated by the State of Colorado to assess the solution functionality necessary to deliver the Payroll Modernization project successfully. The offeror should provide details regarding their solution and its capability to meet the specified functionality described below. Please review the following list of specifications for this project and summarize the solution functionality around each capability area: (1) Payroll Administration (2) Basic HR, (3) Workforce Management, (4) Compensation, and (5) Payroll Service Delivery. Please also describe (6) the Product Roadmap for the proposed solution.

Offeror may answer the questions in its own response format. When including answers to each question in this document, be sure to clarify the section and question number from this Exhibit within your response so that the evaluation committee can find answers efficiently as needed. In answers to questions, Offeror may include any of the following:

1. Screenshots of the solution (preferred)
2. A brief written response to supplement the screenshots
3. Process flows

Please refrain from including any marketing material in response to the functional specifications included in this document.

There is not a prescribed page limit, however the State values concise responses.

I. PAYROLL ADMINISTRATION

Payroll Administration End-to-End

Multiple agencies need to accommodate a variety of payroll structures (e.g., biweekly paid in arrears, monthly paid in advance). In addition, agencies have different time and leave solutions. The timing of when payroll is run relative to the various payroll processing requirements often necessitates estimating work hours for the remainder of the period (e.g., monthly paid in advance) and then manually correcting/reconciling the estimates after payroll is run. Complex budgetary, legal, and political constraints prevent the State from eliminating the monthly paid in advance pay cycle.

1. Please provide an overall summary of how the proposed solution does payroll administration end-to-end.
2. Describe how the system will provide real-time validation of data entry as well as its integration with other systems.
3. Describe the process for collecting input, calculating the gross to net, and allocation of labor to different accounting lines. This includes the integration with different time and leave systems, calculation of gross and standard pay, calculation of additional earnings and deductions, and calculation of taxes.

Payroll Structure and Periods Maintenance

4. In relation to Payroll Administration capabilities, describe how the solution's functionality addresses the following key areas of **Payroll Structure and Periods Maintenance**:
 - a. Automated time collection

- b. Approval and notification workflows
- c. Ability to calculate gross, net, and standard pay
- d. Ability to process efforts associated with pay adjustments in complex scenarios (e.g., actuals, arrears)

Earnings and Deductions, Accounting, Distribution of Labor, and Taxes

5. In relation to Payroll Administration capabilities, describe how the solution's functionality addresses the following key areas of **Earnings and Deductions, Accounting, Distribution of Labor, and Taxes**:
- a. Ability to provide access/security around tables (e.g., tax tables, wage tables)? What restrictions exist?
 - b. Ability to provide "what if" scenarios when calculating pay and deductions
 - c. Process for gross to net calculations
 - d. Management of additional earnings (e.g., shift differential)
 - e. Management and calculation of taxes
 - f. Management of distributions and third-party filings
 - g. Process for labor and leave reallocations. Labor and leave allocations are incredibly complex and are done differently within each agency. For example, while time is the basis of the allocation, some allocations include holiday pay and vacation pay and some grants (etc.) include benefits while others do not

Payroll Processing and Payments

6. In relation to Payroll Administration capabilities, describe how the solution's functionality addresses the following key areas of **Payroll Processing and Payments**:
- a. Ability to show gross pay to net prior to payroll processing (pre-live payrolls)
 - b. Ability to accommodate various workflows between agencies regarding payroll approvals
 - c. Process for central approvals. What automation exists?
 - d. Process for tax management. How does the solution account for multiple tax jurisdictions including locals?
 - e. Process for wage attachments
 - f. Process for direct deposits
 - g. Process for manual checks (creation of manual check is at the agency and the printing of the manual checks is centralized)
 - h. Tracking and managing overtime
 - i. Paid time off management
 - j. Contract management, e.g. ability to allocate costs to grants, contracts, projects, etc. based on time, tasks, type of expense, etc.
 - k. Auto-retro and adjustment calculations
 - l. Process electronic child support orders (e-IWO)
 - m. Process electronic child support and garnishment payments to State Disbursement Unit (SDU) and garnishers via ACH
 - n. Process multiple direct deposits of either flat dollar or percent; specify how many direct deposits employees can have

- o. Process deferred compensation/defined contribution plans with multiple bases and flat dollar or percentages
- p. Processing year-end -payroll adjustment runs, W2 processing
- q. Workflow and approvals
- r. Where are payroll attachments located for garnishments, direct deposit forms etc?
- s. Process for tracking changes to records, i.e. recording and viewing what changes were made and by whom

II. BASIC HR

Basic HR End to End

- 7. Given that HR processing is highly decentralized and minimally standardized across agencies, describe how the solution will process inputs from a variety of disparate systems for handling HR approval workflow and processes. How does the end-to-end process work for managing the minimal HR information necessary to run payroll?

Payroll Information Management

- 8. In relation to Basic HR capabilities, describe how the solution's functionality addresses the following key areas of **Payroll Information Management**:
 - a. Employee self-service for accessing and updating data
 - b. Alignment of the classification and position data, particularly when information is coming from different systems with different processes
 - c. Build and maintain organizational charts
 - d. Process for tracking positions that are both funded and unfunded
 - e. Creation and maintenance of data security
 - f. Integrations for systems managing recruiting and onboarding functions

Personnel Action

- 9. In relation to Basic HR capabilities, describe how the solution's functionality addresses the following key areas of **Personnel Actions**:
 - a. Workflow for creation and approvals of personnel action (e.g., promotion)
 - b. Notification features to users about relevant documentation for each personnel action
 - c. Workflow and tracking for personnel actions
 - d. Standard set of actions and tracking for disciplinary action (e.g., three-days' suspension for not wearing safety gear)
 - e. Tracking to ensure complete review of personnel and/or disciplinary action
 - f. Closeout process for various personnel actions, e.g. marking them as complete or requiring follow up, and the analytics that accompany them

Position Management

10. In relation to Basic HR capabilities, describe how the solution's functionality addresses the following key areas of **Position Management**:

- a. Initiation process for a new position or the reclassification of a current position, assuming the initiation or reclassification is done by the agency within the core solution or the agency's legacy system.
- b. Budget approval process (if required by the solution). If not required, can budget approval be implemented?
- c. Process to align classification and payroll related data for the position
- d. Process to align required skills and qualifications for the position
- e. Approval workflow for any changes. Also describe any tracking and analytics.
- f. Description of when the new position is uploaded to the payroll system from the source system.
- g. Description of any validations that are provided in the solution

III. WORKFORCE MANAGEMENT

Workforce Management End to End

11. Describe how the solution will process multiple work schedules and leave processes that range from very simple to highly complex. Further, describe how the solution will interface/integrate with a planned statewide time, leave and attendance system (UKG) that will be adopted by some but not all agencies. Lastly, describe how the remaining agencies who do not adopt the UKG system will utilize the proposed functionality.

Time Management

12. In relation to Workforce Management capabilities, describe how the solution's functionality addresses the following key areas of **Time Management**:

- a. Real time validation against time entry rules and charge codes. Further, describe how this will be integrated with time and labor accounting and distribution.
- b. Process for collecting and processing automated time collection (e.g., badging in/out) and manual time collection (e.g., via data input screens) Note that some agencies do not have formal time and leave tools available and will need to manually enter key information.
- c. Processing both reusable and role-based templates for data entry
- d. Data security surrounding time management and how it will be implemented using different modalities (e.g., mobile vs computer vs kiosk)
- e. Reporting for exception and workflow
- f. Analytics and reporting incorporated into the solution
- g. Solution interface with the financial system to provide real-time updates on time management

Leave Management

13. In relation to Workforce Management capabilities, describe how the solution's functionality addresses the following key areas of **Leave Management**:
- Real time validation against leave rules and charge codes. Further, describe how this will be integrated with time and labor accounting and distribution.
 - Workflow approval and workflow notification process
 - Data security when input can be done using a variety of modalities (e.g., mobile, kiosk, direct data entry)
 - Computation of leave balance against annual leave allocations
 - Analytics and reporting
 - Interfaces with the financial system for real time updates on leave management
 - Compliance with various salient legislation including Family and Medical Leave Act (FMLA)

IV. COMPENSATION

Compensation End to End

14. Describe how the solution will incorporate information from a widely disparate set of systems and processes to provide comprehensive compensation planning and execution. Currently the state has a state-wide process to inform compensation planning, but the execution of this planning is left to the agencies.
15. In relation to Compensation capabilities, describe how the solution's functionality addresses the following key areas:
- Performance of complex compensation calculations and deferrals and determination of eligibility for the proposed compensation adjustment
 - Custom forecasting. If the solution does not do custom forecasting, how can the models that the agencies have already delivered be incorporated into the solution?
 - Matching (e.g., based on level etc.) of market-based compensation data with those within the State. Also, how will the solution report compensation trending?
 - Workflow for worker's compensation payments. Currently the State handles the first 90 compensation claims per year and then the third-party administrator takes over.
 - Compensation data analytics (e.g., outlier analyses)
 - Process for eligibility rules engine
 - Process for estimates to pension contributions
 - Process for total rewards statements. Are they embedded within the solution? If so, how are those calculated and accessed by employees?
 - Funding of rewards and recognitions work within the solution. For example, if an employee is given a \$50 gift card, how is that incorporated into the compensation function and how is that reflected in compensation reporting?
 - Managing additional earnings within the solution. How are these earnings separately identified?

V. PAYROLL SERVICE DELIVERY

Payroll Service Delivery – End to End

16. Describe how the solution will use document management, self-service tools, a single sign-on, business process monitoring and artificial intelligence (AI) to support a multi-tier payroll issue resolution and knowledgebase.

Payroll Issue Resolution

17. In relation to Payroll Service Delivery capabilities, describe how the solution's functionality addresses the following key areas of **Payroll Issue Resolution**:
- Issue resolution functionality based on industry best practices and leading technologies. Also describe the process for documenting actions that have been taken.
 - Workflow for ticket creation (assuming it is authorized by either an employee or manager).
 - Workflow for staff to access the data that is necessary to fulfill the query. Be sure to address how the agent will know the authoritative source of data to answer the query.
 - Process for escalation if further investigation needs to be done or if information is incorrect (e.g., the employee is incorrectly marked as claiming one withholding when they intend to claim two)
 - Process for updating ticket status (e.g., complete, requires additional follow up)
 - Process to ensure the knowledgebase is updated. Is this automatic or does it allow for a review of the update prior to updating?
 - Generation of analytical insights from the calls. How is this information shared with management?

Payroll Knowledge Base

18. In relation to Payroll Service Delivery capabilities, describe how the solution's functionality addresses the following key areas of **Payroll Knowledge Base**:
- Self-service support for accessing and updating employee data
 - Maintenance of the knowledge repository. Also describe how the solution will collect and publish salient policies, benefits, and procedures.
 - Searchable knowledge base functionality for employees with appropriate personalized and role-based support
 - Integration of live or virtual chat assistance functionality
 - Support of users with life and work events (e.g., divorce, birth of a child, involuntary separation)
 - Ability to provide approval and notifications workflows
 - Integration between the knowledgebase and recruiting or onboarding

Employee / Manager Self-Service

19. In relation to Payroll Service Delivery capabilities, describe how the solution's functionality addresses the following key areas of **Employee / Manager Self-Service**:

- a. Ability to provide a searchable knowledge base for answers to employee's questions using sources including, but not limited to, HR articles and guidelines, infographics, video, FAQs and images
- b. Ability to provide integrated live or virtual chat assistance
- c. Leveraging of data insights from the self-service channels (e.g., used to improve resources and processes)

VI. FUTURE CONSIDERATIONS

Product Roadmap

20. The State is interested in developing a long-term partnership with the future offeror and is interested in understanding what future functionality or enhancements are part of the Solution Roadmap. Please provide any information that can be shared describing:
- a. Future Payroll Functionality – including target deployment dates

Other Functionality

21. Please provide information detailing if any of the following capabilities are part of the capabilities built into the Software Platform. Please indicate if this functionality is included in the proposed solution – or if there is an additional subscription fee to access the functionality.
- a. Time and Leave Tracking
 - b. HR
 - c. Benefits Administration
 - d. Compensation
 - e. Onboarding & Recruiting