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1 Executive Summary

During Fiscal Year (FY) 2013, the Office of Personnel Management (OPM) Human Resources Line of Business (HR LOB) began the fourth iteration of its Payroll Benchmarking Study. The Payroll Benchmarking Study tracks the progress that the HR LOB is making toward achieving its goal of increasing HRIT cost savings in federal agencies, and provides visibility into payroll providers’ trends over time.

The HR LOB completed a six week data collection effort, which included distributing a benchmarking data call template to the four approved federal payroll providers and the Department of State, conducting teleconferences with agency representatives to review and clarify data call responses, and holding additional meetings with agency representatives to discuss and document study challenges. All five providers responded to the 2013 Payroll Benchmarking data call.

The 2013 Payroll Benchmarking Study shows that the federal providers continue to exceed the private industry benchmarks for the three measures for which comparable benchmarks are available:

1. Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office
2. Payroll Provider Servicing Ratio
3. Price per Employee Serviced

Participating agencies reported a median cycle time of 0.69 days compared to 1.00 days in industry, median price per employee serviced of $120.82 compared to $141.65 in industry, and a median servicing ratio of 1,348.36 compared to 754.08 in industry. The Federal providers currently deliver services to employees for a 14.71% lower price than the industry sample and serve 78.81% more employees per payroll resource than the industry sample.

This study gives providers visibility into how their payroll process results compare to Federal aggregates and industry benchmarks. The results of this study are limited in scope to comparisons between provider-reported results, the Federal aggregates, and the industry medians, and as such should not be used alone for decision-making purposes. Rather, the HR LOB encourages providers to use the information in this report as a starting point to examine payroll pricing and process efficiencies. Potential uses include examining fluctuations in payroll prices over time, conducting deeper examinations of the components and drivers of pricing and cycle times, and conducting further research into providers’ relative positions in the federal distribution of results. Providers may also use the information provided in this study to gain an awareness of the impact of organizational characteristics, such as the size of the customer agency population, on prices and other payroll process results.
2 Introduction

2.1 Human Resources Line of Business (HR LOB) Initiative

OPM launched the HR LOB initiative in 2004 with the vision of achieving modern, cost-effective, standardized, and interoperable HR solutions across the government. The HR LOB initiative follows a similar model as the e-Payroll initiative, also managed by OPM, which was launched in December 2001 with the comparable goal of consolidating payroll processing systems and activities across the federal government.

The HR LOB Concept of Operations (CONOPS) describes a service delivery model in which three core HR services – personnel action processing, benefits management, and compensation management – move from agencies to Shared Service Centers (SSCs). This shared services delivery model enables the government-wide standardization of HR business functions and processes and the systems that support them. Agencies using shared services are able to shift their focus from administrative processing and systems administration to improved management, strategic planning, and customer service.

A key driver of the CONOPS was the HR LOB’s establishment of six federal and four private SSCs to provide HR shared services to the federal government. SSCs must, at a minimum, provide two of the three core HR services – personnel action processing and benefits management – and may also provide compensation management services. Four of the six federal SSCs were approved under the e-Payroll initiative to provide compensation management services to their customers. The HR LOB continues to provide oversight of the federal payroll providers following the completion of the e-Payroll initiative in 2009.

The shared services delivery model further supports the HR LOB’s four primary strategic goals:

1. **Improved Management**: Improve the government-wide strategic management of human capital, resulting in faster decision making, more informed policy making, more effective workforce management, and improved alignment of resources with agency missions.

2. **Operational efficiencies**: Achieve or increase operational efficiencies in the acquisition, development, implementation, and operation of human resources management systems, resulting in improved servicing ratio and response times, reduced cycle times, and improved automated reporting.

3. **Cost Savings and Cost Avoidance**: Achieve or increase cost savings and cost avoidance from HR solution activities, resulting in reduced duplicative software, hardware, operations, and labor resources and an increased competitive environment.
4. **Improved Customer Service**: Improve customer service, resulting in increased accessibility to client and value, improved communication and responsiveness, enhanced quality, timeliness, accuracy, and consistency.

The HR LOB began this benchmarking initiative to help understand the progress that it is making toward achieving its vision. The sections that follow describe the overall approach the HR LOB took to execute this study; the benchmarking process; and the 2013 study results.

**2.2 Payroll Benchmarking Purpose & Background**

As part of the e-Payroll initiative, the Office of Personnel Management (OPM) sponsored a benchmarking study to establish a baseline of information about payroll services and costs to measure progress toward meeting the goals of the e-Payroll initiative. In April of 2004 the *Best Practices Through Benchmarking Consolidated Payroll Benchmarks Report for the U.S. Office of Personnel Management (OPM)* was completed. Thirteen agencies, including the current four payroll providers, participated in the 2004 study.

A 2008 payroll benchmarking study followed the 2004 study, and the Human Resources Line of Business (HR LOB) used a slightly different approach. In January of 2008, the HR LOB convened a workgroup consisting of representatives from each of the four Federal payroll providers and three customer agencies. The workgroup determined the type of measures to be collected and defined the detailed definitions and calculations for each measure.

The 2008 study, and all payroll benchmarking studies thereafter, focused on the following five important outcomes:

- Provide a snapshot of current payroll operational performance – revealing successes and providing visibility into improvement opportunities
- Show how the landscape has changed since the 2004 study
- Set a baseline of performance in 2008 against which to compare future progress
- Provide a basis (the raw data) that can be summarized or used to satisfy requests for performance data
- Begin to shape messages that highlight the benefits of the HR LOB program

During the spring of 2008, the four Federal payroll providers responded to a data call with performance results for the measures they previously helped to define. These results are presented in the *2008 Human Resources Line of Business Payroll Benchmarking Report* (covering the reporting period of calendar year or fiscal year 2007, depending on the measure). The report describes the overall approach that was taken for this 2008 study and provides a comparison of all Federal payroll providers to aggregate data and comparable industry benchmarks, where applicable. This report can be found at:
In December 2008, the Federal providers reconvened to discuss the nine payroll measures that would be used in the 2009 benchmarking study. The 2009 Human Resources Line of Business Payroll Benchmarking Report (covering the reporting period of calendar year or fiscal year 2008, depending on the measure), extends the 2008 report with another year of results data. This report can be found at: http://www.opm.gov/egov/documents/practices/2009_Payroll_Benchmarking_Report.pdf

In October 2010, the Federal providers reconvened to discuss eight of the nine payroll measures used in the 2008 and 2009 reports (the workgroup agreed to remove the measure Cycle Time for Disbursing an Off-cycle Payment) and to define two new payroll measures. The 2011 Human Resources Line of Business Payroll Benchmarking Report extends the 2009 report with data from the reporting period of calendar year or fiscal year 2010, depending on the measure. This report can be found at: https://www.opm.gov/services-for-agencies/hr-line-of-business/benchmarking/payroll-benchmarking/2011report.pdf

This report describes the overall approach that was taken for this 2013 study and provides a comparison of all Federal payroll providers to aggregate data and comparable industry benchmarks, where applicable. The HR LOB used data from calendar years or fiscal years 2007, 2008, 2010, and 2012 (depending on the measure) to create this report. The HR LOB will conduct the next payroll benchmarking study in fiscal year 2016 as part of the performance management work stream.

2.3 Past Use of Benchmarking Results by Payroll Providers

One benefit of benchmarking is process improvement: good performance may point to effective business practices that can be replicated at other organizations. Through developing the payroll benchmarking measures and sharing the detailed processes, the Federal payroll providers have utilized the knowledge they have gained and applied it to their organizations. Below are several examples of how the payroll providers have applied information gained through their participation in OPM’s benchmarking studies:

- Using data for organizational strategic planning, performance management, and benchmarking reporting
- Comparing costs of processing garnishments internally versus outsourcing
- Identifying alternate practices to reduce the cost of postage for the W-2 process
- Strengthening relationships between the Federal providers to increase information sharing (e.g. sharing payroll policy implementation practices)
2.4 Recommended Use of Data

The purpose of this study is limited to providing payroll providers and the HR LOB with comparisons of providers’ results on the eight payroll measures to the Federal aggregate and industry benchmarks. Because all conclusions in this study are the results of median comparisons, no causal relationships are suggested by the HR LOB nor should be inferred by the reader. Rather, providers may use this study as a starting point for a deeper examination of the factors that drive payroll costs in an effort to create efficiencies.

The following describes three possible uses of this study:

1. **Identify trends over time**: Providers may use the four-year trends in this study as a starting point for deeper comparisons including whether expenditures for FY/CY 2007 to FY 2012 reflect overall budget fluctuations and other organizational conditions, such as agency migrations, hiring surges, hiring freezes, and sequestration.

2. **Use as initial evidence to begin an examination of payroll price**: Providers may use the price information in section 4.2, as well as the individual components of their data submission to identify the components that comprise the majority of payroll prices.

3. **Compare provider results to Federal aggregate**: Providers may use the information in this study to determine where they are positioned in relation to the Federal aggregate. This information will allow payroll practitioners to share the relative position of the provider to all other Federal agencies in the study. Based on the organizational characteristics, services offered, and customer base detailed in the provider narratives (Appendices C - G) payroll provider decision makers may choose to conduct further research to determine whether they are appropriately positioned.
3 2013 Payroll Benchmarking Process

In September 2012, the Federal providers met to discuss the eight payroll measures used in the 2011 report. The workgroup validated the existing measures with minor changes to the wording of the measures for the 2013 study, including:

- Adding the phrase “and Certified” to the Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted and Certified with Treasury or DoD Disbursing Office measure
- Changing “SAS-70” to “SSAE-16” for the Number of SSAE-16 Material Weaknesses measure

The providers determined that the best timeframe to conduct the 2013 data call would be February through March 2013.

3.1 Data Collection

On February 11, 2013, the HR LOB issued the 2013 payroll benchmarking data call. The data call consisted of two documents: the payroll benchmarking measure definitions and the payroll benchmarking questionnaire. All four Federal payroll providers and the Department of State participated in the data call. The four approved payroll providers are as follows:

- Department of Defense - Defense Financial and Accounting Service (DFAS)
- General Services Administration - National Payroll Branch (NPB)
- Department of the Interior - Interior Business Center (IBC)
- Department of Agriculture - National Finance Center (NFC)

3.2 Data Reporting and Analysis

After receiving the completed questionnaires, the HR LOB analyzed the data across providers to create this report. For each of the questions the HR LOB calculated the mean, the weighted mean (where appropriate), median, and standard deviation:

- Mean – the simple arithmetic average of a set of values (i.e., the sum of a set of values divided by the number of values).
- Weighted mean – the arithmetic average of a set of values, factoring in the sample size for each value.
- Median – the number separating the higher half of a set of values from the lower half, thus providing the middle of the spectrum of data; fifty percent of the data falls above the median and fifty percent of the data falls below the median.
- Standard deviation – a measure of the average distance by which the scores deviate from the mean.
4 Results

The results presented in this section reflect the analysis that the HR LOB benchmarking team performed on the data collected during the data collection phase for this 2013 payroll benchmarking study (covering the reporting period of calendar year or fiscal year 2012, depending on the measure). The mean, weighted mean (where applicable), median, and standard deviation were calculated based on data included in the Payroll Benchmarking Questionnaire submitted by each provider. The HR LOB has also calculated and reported 2010 to 2012 differences for each measure.

The HR LOB compared the Federal means and medians to industry-reported benchmarks where relevant. Industry benchmarks were obtained from the International Business Machines (IBM) /American Productivity and Quality Center (APQC) Shared Services Payroll Benchmarking database.
4.1 Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office

The cycle time in days from payroll system cut-off until payments are transmitted to and certified with Treasury or DoD disbursing office compares the time it takes a provider to transmit and certify their payments after their payroll system has closed for a given pay cycle.

4.1.1 Provider Data

The provider’s processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS currently maintains 13 Production Databases, resulting in a variance in the number of hours to process and transmit data. The time provided in the metric is an average of time for all 13 databases for the entire 2012 calendar year.</td>
</tr>
<tr>
<td>GSA</td>
<td>GSA’s biweekly payroll cycle includes a single payroll calculation run, which normally has a 4:00 pm cut-off. GSA transmits the various payroll disbursement files to Treasury’s Kansas City Finance Center manually. The process includes verifying that the Treasury has received the files, obtaining the control numbers assigned by Treasury, and certifying schedules for payment using Treasury’s Secure Payment System the following morning during normal business hours.</td>
</tr>
<tr>
<td>IBC</td>
<td>IBC’s biweekly payroll cycle includes a single calculate run for each database, beginning with a 6:00 pm cut-off. This cycle includes preparation of payment files which are transmitted to Treasury’s Kansas City Disbursing Office, generally by 10:00 am the following morning. IBC verifies that Treasury has received the files, obtains the control numbers assigned by Treasury, and certifies schedules for payment using Treasury’s Secure Payment System. The final certification takes place, on average, by 9:30 am.</td>
</tr>
<tr>
<td>NFC</td>
<td>NFC’s bi-weekly payroll cycle includes two passes; the period of time measured for this metric represents the time between initiation of the final pass and file transmission to Treasury.</td>
</tr>
</tbody>
</table>

Table 4.1: Provider Processes for Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office
### Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to Treasury or DoD Disbursing Office

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Mean</td>
<td>0.38 days (9.12 hrs)</td>
<td>0.39 days (9.36 hrs)</td>
<td>0.71 days (17.04 hrs)</td>
<td>0.68 days (16.32 hrs)</td>
<td>-0.03</td>
<td>-4.05%</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>0.39 days (9.36 hrs)</td>
<td>0.39 days (9.36 hrs)</td>
<td>0.70 days (14.64 hrs)</td>
<td>0.69 days (16.56 hrs)</td>
<td>-0.01</td>
<td>-1.81%</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>2 days</td>
<td>2 days</td>
<td>2 days</td>
<td>1 days</td>
<td>-1.00</td>
<td>-100.00%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.36 days (8.64 hrs)</td>
<td>0.34 days (8.16 hrs)</td>
<td>0.12 days (2.88 hrs)</td>
<td>0.09 days (2.16 hrs)</td>
<td>-0.03</td>
<td>-33.25%</td>
</tr>
</tbody>
</table>

**Table 4.2: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office**

**Figure 4.1: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office**

**Figure 4.1:** Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office represents the Federal Agencies Weighted Mean, Median, and Industry Median (as derived from IBM/APQC) from CY 2007 - 2012. The figure also shows the Federal providers maximum (0.75) and minimum (0.58) for CY 2012.
4.2 Payroll Price per Employee Serviced

Payroll Price per Employee Serviced measures the price providers charge their customers for their baseline services. There are several factors that may determine price including location, staff size, overhead costs, outsourcing costs, services offered, and the ability to perform customized services. Each provider’s price should be viewed in the context of their service offerings relative to their customers’ needs. The Federal providers perform well compared to the industry,\(^1\) with a median price per employee serviced that is 14.71% lower than the industry median.

### 4.2.1 Provider Data

<table>
<thead>
<tr>
<th></th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2010</th>
<th>FY 2012</th>
<th>FY10 – FY12 Difference</th>
<th>% Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Mean</td>
<td>$92.86</td>
<td>$117.15</td>
<td>$119.79</td>
<td>$115.28</td>
<td>-$4.51</td>
<td>-3.76%</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>$94.77</td>
<td>$121.72</td>
<td>$127.30</td>
<td>$120.82</td>
<td>-$6.48</td>
<td>-5.09%</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>$231.04</td>
<td>$167.94</td>
<td>$174.08</td>
<td>$141.65</td>
<td>-$32.43</td>
<td>-18.63%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>$19.11</td>
<td>$20.39</td>
<td>$21.58</td>
<td>$23.85</td>
<td>$2.27</td>
<td>10.50%</td>
</tr>
</tbody>
</table>

Table 4.3: Payroll Price per Employee Serviced

---

\(^1\) Federal policies dictate that the price of services must equal the cost to provide those services. This measure looked at the provider prices because generally when a customer is selecting a service they look at the price of the service, not the cost. Industry providers are not held to the Federal policies and therefore their price does not equal their cost. In order to obtain comparable data the HR LOB is comparing the government price to industry payroll provider costs.
Figure 4.2: Payroll Price per Employee Serviced

Figure 4.2: Payroll Price per Employee Serviced represents the Federal Agencies Weighted Mean, Median, and Industry Median (as derived from IBM/APQC) from CY 2007 - 2012. The figure also shows the Federal providers maximum ($137.74) and minimum ($81.75) for CY 2012.
4.3 Payroll Provider Servicing Ratio

The Payroll Provider Servicing Ratio measures the number of payroll full-time equivalent employees (FTEs) needed to perform payroll processes for the employees they service. There are several factors that may determine an organization’s servicing ratio including the population size they service, the payroll functions they outsource, and their ability to perform customized services. Each provider’s servicing ratio should be viewed in the context of their service offerings relative to their customers’ needs. The Federal providers perform well compared to the industry, with a median that is 78.81% higher than the industry median.

4.3.1 Provider Data

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weighted Mean</td>
<td>1,578.86</td>
<td>1,697.79</td>
<td>1,889.36</td>
<td>1,781.85</td>
<td>-107.51</td>
<td>-5.69%</td>
</tr>
<tr>
<td>Median</td>
<td>1,256.80</td>
<td>1,325.17</td>
<td>1,412.08</td>
<td>1,348.36</td>
<td>-63.72</td>
<td>-4.51%</td>
</tr>
<tr>
<td>Industry Median (IBM/APQC)</td>
<td>379.62</td>
<td>523.29</td>
<td>607.42</td>
<td>754.08</td>
<td>146.66</td>
<td>24.14%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>467.33</td>
<td>571.73</td>
<td>981.46</td>
<td>773.41</td>
<td>-208.05</td>
<td>-21.20%</td>
</tr>
</tbody>
</table>

Table 4.4: Payroll Provider Servicing Ratio
Figure 4.3: Payroll Provider Servicing Ratio

Figure 4.3: Payroll Provider Servicing Ratio represents the Federal Agencies Weighted Mean, Median, and Industry Median (as derived from IBM/APQC) from CY 2007 - 2012. The figure also shows the Federal providers maximum (2,689.01) and minimum (876.6) for CY 2012.
4.4 Cost of Printing and Mailing Hard Copy W-2s

Cost of Printing and Mailing Hard Copy W-2s compare the costs incurred by the four Payroll providers.

4.4.1 Provider Data

The providers’ processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS outsources the W-2 printing and mailing process to Data Recognition Corporation (DRC). DRC accepts and conducts a review of all W-2 data that is submitted and verifies addresses for mailing to ensure accuracy. Re-issued W-2s are processed by DFAS payroll offices in the Defense Civilian Pay System (DCPS) and printed by the Defense Logistics Agency (DLA).</td>
</tr>
<tr>
<td>GSA</td>
<td>GSA has contracted with OPM’s Employee Express (EEX) to print and mail hard copy W-2s.</td>
</tr>
<tr>
<td>IBC</td>
<td>IBC utilizes on-site contractors to print and mail their W-2s.</td>
</tr>
<tr>
<td>NFC</td>
<td>NFC utilizes government personnel to print and mail their W-2s on site.²</td>
</tr>
</tbody>
</table>

Table 4.5: Provider Processes for Unit Cost of Printing and Mailing Hard Copy W-2s

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Weighted Mean</td>
<td>$0.44</td>
<td>$0.45</td>
<td>$0.44</td>
<td>$0.40</td>
<td>-$0.04</td>
<td>-8.40%</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>$0.46</td>
<td>$0.47</td>
<td>$0.55</td>
<td>$0.52</td>
<td>-$0.03</td>
<td>-4.83%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>$0.13</td>
<td>$0.13</td>
<td>$0.30</td>
<td>$0.28</td>
<td>-$0.02</td>
<td>-8.35%</td>
</tr>
</tbody>
</table>

Table 4.6: Unit Cost of Printing and Mailing Hard Copy W-2s

² Beginning with CY13 W-2s, NFC contracted with Post Masters Mailing, Inc. of Indianapolis, IN for W-2 printing and mailing services. Estimated future availability of W-2s will run between 4 – 5 days.
Figure 4.4: Unit Cost of Printing and Mailing Hard Copy W-2s represents the Federal Agencies Weighted Mean and Median from CY 2007 - 2012, and the Federal Providers maximum ($0.79) and minimum ($0.10) for CY 2012.
4.5 Cycle Time of Electronic W-2 Distribution

Cycle Time of Electronic W-2 Distribution measures the average number of days it takes a provider to make electronic W-2s available to employees. The average number of days is based on the time period beginning with the last day W-2 data is accepted and ending with the day W-2s are available to the employee.

4.5.1 Provider Data

The providers’ processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS accepts W-2 data until the last day of the last pay period of the year. A file with consolidated W-2 data is compiled and transmitted to My Pay (the DFAS administrated employee self-service site) to be displayed for employee viewing and printing. My Pay sends employees a notification email to inform them when the W-2 is available.</td>
</tr>
<tr>
<td>GSA</td>
<td>GSA has contracted with OPM’s Employee Express (EEX) to provide electronic W-2 distribution.</td>
</tr>
<tr>
<td>IBC</td>
<td>IBC utilized OPM’s Employee Express to make 2012 W-2s available to employees.</td>
</tr>
<tr>
<td>NFC</td>
<td>NFC verifies W-2 data electronically, then begins printing. A sample of the printed W-2s is reviewed for accuracy and print quality. When verification is completed, the W-2 data is made available on the Employee Personnel Page and Reporting Center, which are updated nightly until all W-2s are corrected and released.</td>
</tr>
</tbody>
</table>

Table 4.7: Provider Processes for Cycle Time of Electronic W-2 Distribution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Mean</td>
<td>10.25</td>
<td>9.75</td>
<td>9.75</td>
<td>7.50</td>
<td>-2.25</td>
<td>-23.08%</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>11.00</td>
<td>10.50</td>
<td>9.00</td>
<td>5.50</td>
<td>-3.50</td>
<td>-38.89%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>4.50</td>
<td>2.87</td>
<td>2.99</td>
<td>4.36</td>
<td>1.37</td>
<td>45.97%</td>
</tr>
</tbody>
</table>

Table 4.8: Cycle Time of Electronic W-2 Distribution
Figure 4.5: Cycle Time of Electronic W-2 Distribution

Figure 4.5: Cycle Time of Electronic W-2 Distribution represents the Federal Agencies Mean and Median from CY 2007 - 2012, and the Federal Providers maximum (14 days) and minimum (5 days) for CY 2012.
4.6 Cycle Time of Hard Copy W-2 Distribution

Cycle Time of Hard Copy W-2 Distribution measures the number of days it takes a provider to make their hard copy W-2s available to their employees. The number of days is based on the time period beginning with the last day W-2 data is accepted and ending with the day W-2s are mailed to the post office.

4.6.1 Provider Data

The providers’ processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS utilizes a third-party provider, DRC, to prepare and distribute W-2 documents. DFAS compiles W-2 data and transmits a file to DRC that will be reviewed prior to distribution.</td>
</tr>
<tr>
<td>GSA</td>
<td>GSA has contracted with OPM’s Employee Express (EEX) to provide hard copy W-2 distribution.</td>
</tr>
<tr>
<td>IBC</td>
<td>IBC utilizes on-site contractors to print and mail their W-2s.</td>
</tr>
<tr>
<td>NFC</td>
<td>Once W-2 data is accepted and the cut-off date for the last payments to be included in the W-2s is reached, NFC verifies a sample of W-2 data. Once verification is completed, the W-2s are printed and reviewed for accuracy and print quality. When verification is completed, the W-2s are mailed.</td>
</tr>
</tbody>
</table>

Table 4.9: Provider Processes for Cycle Time of Hard Copy W-2 Distribution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Mean</td>
<td>15.50</td>
<td>17.00</td>
<td>14.00</td>
<td>10.75</td>
<td>-3.25</td>
<td>-23.21%</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>13.50</td>
<td>15.00</td>
<td>15.00</td>
<td>11.00</td>
<td>-4.00</td>
<td>-26.67%</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>6.56</td>
<td>6.98</td>
<td>5.10</td>
<td>3.30</td>
<td>-1.79</td>
<td>-35.20%</td>
</tr>
</tbody>
</table>

Table 4.10: Cycle Time of Hard Copy W-2 Distribution
Figure 4.6: Cycle Time of Hard Copy W-2 Distribution

Figure 4.6: Cycle Time of Hard Copy W-2 Distribution represents the Federal Agencies Mean and Median from CY 2007 - 2012, and the Federal Providers maximum (14 days) and minimum (7 days) for CY 2012.
4.7 Number of SSAE-16 Material Weaknesses

The Number of SSAE-16 Material Weaknesses measures compliance in terms of the number of material weaknesses on each provider’s SSAE-16 audit report. None of the providers had a material weakness in fiscal year 2012.

<table>
<thead>
<tr>
<th>Reporting Period</th>
<th>FY 2007</th>
<th>FY 2008</th>
<th>FY 2010</th>
<th>FY 2012</th>
<th>FY10–FY12 Difference</th>
<th>% Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Federal Providers Mean</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>All Federal Providers Median</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Standard Deviation</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Table 4.11: Number of SSAE-16 Material Weaknesses

---

3 The Statement on Standards for Attestation Engagements No. 16 (SSAE-16) replaced the Statement on Auditing Standards No. 70 (SAS-70) as the auditing standard for reporting on controls at service organizations, and the HR LOB payroll benchmarking measure has been updated to reflect this change.
4.8  Unit Cost of Processing a Wage Garnishment

Unit Cost of Processing a Wage Garnishment measures the costs a provider incurs to evaluate and process an external wage garnishment.

4.8.1  Provider Data

Due to the number of participants for this measure the median result is not calculated. The providers’ processes and results are summarized in the following tables and graph:

<table>
<thead>
<tr>
<th>Provider Name</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>DFAS</td>
<td>DFAS has a separate component organization that processes garnishments. The Garnishment Operation provides a legal review of all documentation by paralegals under attorney supervision. The Garnishment Operation processes only court-ordered documents including: Child Support, Alimony, Commercial Wage Garnishments and Bankruptcy. Tax Levies and Department of Education student loans are not administrated by the DFAS Garnishment Operation. The cost metric also includes the cost to process applications under the Former Spouses Protection Act, 10 USC 1408 and military commercial debt applications under 5 USC 5520A. The individual cost of these cases cannot be broken out, but it is important to note that DFAS Garnishment Operation is the only agency that processes these cases.</td>
</tr>
</tbody>
</table>
| GSA           | GSA provides full service Commercial Wage Garnishments processing on behalf of its client agencies. The NPB receives garnishments orders from legal offices; reviews applicable state and local laws pertaining to wage garnishments; sends notification to the employee; calculates the biweekly salary offset amount; collects an employee service fee; disburses and mails the payment: and corresponds with the legal offices on the status and pay off date of the commercial wage garnishment. GSA also processes other wage garnishments (including input data into the Payroll, Accounting, and Reporting (PAR) system) for the following:  
  - Child support /alimony withholdings.  
  - Tax Levies (IRS, State and local).  
  - Bankruptcies.  
  - Department of Education Student Loans. |
The IBC provides full servicing of processing wage garnishments such as child support, bankruptcies, commercial garnishments, education loans, alimony and tax levies. The service includes providing employee notice and ensuring the order meets the regulatory requirements, responding to interrogatories, establishing the biweekly salary offset amount, disbursing payment; collecting an administrative processing fee for commercial garnishments; consulting with General Counsel, as needed; providing status updates regarding separation of employment, etc.

NFC’s process for handling wage garnishments for its clients cannot be calculated in the terms requested in this metric. The vast majority of these types of transactions are processed directly by their customer HR offices. As a result, it is an additional transaction that is read and processed within their payroll system. NFC does not identify specific costs for these customer-generated transactions – they are all included in the base rate charged per W-2. For manually created garnishments and third party payments that require NFC intervention and assistance, an additional charge is applied to those specific transactions for the additional processing services. These manually-created transactions represent an immaterial percentage of the total percentage of garnishment-type transactions. Therefore, NFC cannot calculate the unit cost of all garnishment transaction processing.

<table>
<thead>
<tr>
<th>Table 4.12: Provider Processes for Unit Cost of Processing a Wage Garnishment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provider</strong></td>
</tr>
<tr>
<td><strong>IBC</strong></td>
</tr>
<tr>
<td><strong>NFC</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4.13: Unit Cost of Processing a Wage Garnishment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unit Cost of Processing a Wage Garnishment</strong></td>
</tr>
<tr>
<td><strong>Reporting Period</strong></td>
</tr>
<tr>
<td>All Federal Providers Weighted Mean</td>
</tr>
<tr>
<td>Standard Deviation</td>
</tr>
</tbody>
</table>
Figure 4.7: Unit Cost of Processing a Wage Garnishment

Figure 4.7: Unit Cost of Processing a Wage Garnishment represents the Federal Agencies Weighted Mean from CY 2007 - 2012, and the Federal Providers maximum cost ($57.10) and minimum cost ($31.36) for CY 2012.
5 Report Summary and Next Steps

The continued commitment and participation of the benchmarking workgroup members and payroll benchmarking points of contact have provided a valuable snapshot of current payroll operational results. The results presented in this report demonstrate how each of the four Federal payroll providers is performing in comparison to the industry benchmarks, where applicable. The results also include the Federal aggregate for these eight measures.

This study once again affirms that the Federal payroll providers continue to provide payroll services in an efficient and cost effective manner to the approximately 2.2 million Federal civilian employees they serve. The Federal providers continue to exceed the industry benchmarks for the three measures for which comparable benchmarks are available: Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office; Payroll Provider Servicing Ratio; and Price per Employee Serviced. The Federal providers currently deliver services to employees for a 14.71% lower price than the Industry and serve 78.81% more employees per payroll resource than the Industry sample.

The HR LOB will continue to conduct the Payroll Benchmarking Study approximately every two years to provide a view of payroll services trends and allow analysis of factors that drive fluctuations in measurement results. The HR LOB team recommends that the payroll benchmarking workgroup continue to add measures over time to build a more complete picture of payroll-related performance.
6 Appendices

Appendix A describes the detailed definitions for the eight payroll performance measures.

Appendix B contains the 2013 Payroll Benchmarking Questionnaire.

Appendices C - G provide the 2013 Payroll Benchmarking Questionnaire results and a narrative summary written by each of the four payroll providers. Each narrative contains:

- Description of the provider
- List of baseline services
- Number of employees serviced
- Number of customer agencies
- Type of special populations
- Description of outsourced services (this list should only reference services that relate to the eight payroll performance measures)

Appendix H contains a narrative summary of the industry benchmarks used in the 2013 Payroll Benchmarking study.
6.1 Appendix A: Payroll Benchmarking Measures Definitions

6.1.1 Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office

**Measure Category:** Cycle Time

**Calculation:** Day the Payment is Transmitted and Certified with Treasury or DoD Disbursing Office minus the Day the Payroll System Closes for the Pay Cycle

**Frequency:** Annual

**Reporting Period:** Each Pay Period

**Measure Definitions:**

**Payroll System Cut-off:** Day the payroll system is locked or cut-off in order to process the bi-weekly pay. The system is no longer accepting information for the current pay cycle.

**Payment Transmitted:** Calculations are complete; payment schedules have been prepared, transmitted to Treasury or DoD Disbursing Office for payment, and the payment has been certified.

Cycle time will be measured in days. Organizations should convert the hours that the processing takes to days. For example if it takes an organization 15 hours to process the pay they would report .625 days (15 hours divided by 24 hours).

*All items included within the definition apply to activities only performed at the Payroll provider.*

*There is a standard industry benchmark available for comparison.*
6.1.2 Payroll Price per Employee Serviced

**Measure Category:** Price

**Calculation:** Total Payroll Price Divided by the Number of Employees Serviced

**Frequency:** Annual

**Reporting Period:** Fiscal Year

**Measure Definitions:**

Payroll Price per Employee Serviced is defined as the sum total of the costs for developing, maintaining, and producing payroll services divided by the number of employees serviced. Payroll costs include:

- Payroll FTEs salaries and benefits
- Office supplies
- Contract monies for direct support
- Training that is directly related to the payroll function
- Data Center costs
- Rental or building fees*
- Utilities
- Printing/Mailing costs
- Assessments for IT infrastructure
- Security
- HR Support
- Acquisitions
- Finance
- Headquarters management billable to W-2
- Contract Support
- Statement of Auditing Standards (SAS) 70 Audits
- Depreciation/Overhead/G&A
- Cost to develop, maintain, and operate payroll systems

**Notes:** Costs will be reported in the aggregate; the above list is meant to show at a minimum what must be included in the aggregate cost. The list above is not an exhaustive list.

**Number of Employees Serviced:** Number of Employees Serviced is defined as the total number of employees receiving a W-2 plus any employees processed who do not receive a W-2.
All items included within the definition apply to activities only performed at the Payroll provider or their outsourced vendor.

There is a standard industry benchmark available for comparison.

*Item may not be applicable to all providers.
6.1.3 Payroll Provider Servicing Ratio

**Measure Category:** Efficiency

**Calculation:** Number of Employees Serviced During a Calendar Year Divided by the Number of Payroll Process FTEs During a Calendar Year

**Example:** Number of Employees Serviced from January 1 – December 31, 2012 (W-2s Produced in Jan 2013) Divided by the Number of Payroll Process FTEs from January 1 – December 31, 2012

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Payroll Servicing Ratio is defined as the number of employees serviced divided by the number of FTEs supporting the payroll process. FTEs include all individuals (e.g. employee, contractor) reporting directly to the payroll operations organization. Payroll operations are comprised of two components, Report Time/Manage Pay and Report Payroll Taxes.

**Report Time/Manage Pay:** Report Time includes those activities associated with receiving employee time information from client agency time and reporting systems for use by payroll, benefits, billing (depending on business model), etc. Report time includes preparing the data for payroll and benefits use by analyzing and reporting paid and unpaid leave, monitoring regular, overtime and other hours, and analyzing and reporting employee utilization.

Manage Pay includes those activities associated with moving employee time data into the payroll system; maintaining and administering employee earnings and deductions in accordance with regulations, statutes, union agreements, and agency policies for each pay period (including bonus runs throughout the year); maintaining and adjusting leave balances; maintaining, reporting, and reconciling benefits information; monitoring changes in tax status to prepare the payroll each period; processing and distributing payments to employee accounts or directly to employees; processing and distributing manual checks, period end adjustments, supplemental payroll (additional earnings processing, retirement, disability, workers compensation, etc.), processing on and off-cycle payroll, retroactive payroll, on-line checks, check reversal, check adjustment, stop payments, garnishments and other salary debt; bank reconciliation, payroll reconciliation to the general ledger, check reconciliation, and year-end pay and benefits reconciliation; responding to payroll-related inquiries; performing management...
activities; establishing and documenting policies and procedures; and training for all Manage Pay activities.

**Report Payroll Taxes**: Report Payroll Taxes includes those activities associated with reconciling and disbursing taxes withheld from employees (OASDI, Medicare, etc.) and ensuring regulatory and statutory compliance for payroll tax obligations on behalf of the organization. This includes filing regulatory payroll tax forms in a timely manner; calculating and paying applicable company payroll taxes; payroll tax compliance, and year-end processing. In addition, the “report payroll taxes” process includes the production and distribution of employee tax statements on annual basis (e.g. W-2s). For organizations that outsource services, such as W-2 production, measurement results may be somewhat skewed.

**Payroll FTE**: The equivalent of one person (e.g. employee, contractor) reporting directly to any of the Payroll Process functions working 40 hours per week for a total of 2080 hours per calendar year. Part-time individuals are converted to full-time equivalents. Payroll FTEs include all individuals (e.g. employee, contractor) reporting directly to the payroll operations organization. Payroll operations are comprised of two components, Report Time/Manage Pay and Report Payroll Taxes.

**Number of Employees Serviced**: Number of Employees Serviced is defined as the total number of employees receiving a W-2 plus any employees processed who do not receive a W-2.

*All items included within the definition apply to activities only performed at the Payroll provider.*

*There is a standard industry benchmark available for comparison.*
6.1.4  Unit Cost of Printing and Mailing Hard Copy W-2s

**Measure Category:** Cost

**Calculation:** Cost Incurred to Print and Mail Hard Copy W-2s to Employees Divided by the Number of W-2s Mailed

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cost Incurred to Print and Mail Hard Copy W-2s is defined as the sum total of the costs for printing and mailing W-2s to employees.

Costs include:

- Cost of printing (includes labor)
- Cost of postage (includes postal verification)
- Cost of materials

Does not include W-2cs and reissues.

Providers will note whether their W-2 distribution is outsourced.

_All items included within the definition apply to activities only performed at the Payroll provider or their outsourced vendor._

_This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison._
6.1.5 Cycle Time of Electronic W-2 Distribution

**Measure Category:** Cycle Time

**Calculation:** Number of Calendar Days between the Day the Last W-2 Data is Accepted and the Calendar Day W-2s are Available Electronically to the Employee

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cycle Time of Electronic W-2 Distribution is defined as the number of calendar days between the day the last W-2 data is accepted to the day W-2s are made available to the post office. The period of time being measured should end when all W-2s are made available to employees. The time period should account for any days providers are performing exception W-2 processing, or the days that W-2s are in suspense. This time period does not include W-2c processing and reissues.

Processes differ across organizations. Providers will provide narrative summaries describing their processes. Providers will also note whether their W-2 distribution is outsourced.

*All items included within the definition apply to activities only performed at the Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
6.1.6 Cycle Time of Hard Copy W-2 Distribution

**Measure Category:** Cycle Time

**Calculation:** Number of Calendar Days between the Day the Last W-2 Data is Accepted and the Day W-2s are Made Available to the Post Office

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Cycle Time of Hard Copy W-2 Distribution is defined as the number of calendar days between the day the last W-2 data is accepted to the day W-2s are made available to the post office. The period of time being measured should end when all W-2s are made available to employees. The time period should account for any days providers are performing exception W-2 processing, or the days that W-2s are in suspense. This time period does not include W-2c processing and reissues.

Processes differ across organizations. Providers will provide narrative summaries describing their processes. Providers will also note whether their W-2 distribution is outsourced.

*All items included within the definition apply to activities only performed at the Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
6.1.7 Number of SSAE-16 Material Weaknesses

**Measure Category:** Internal Control

**Calculation:** Count of Material Weaknesses Identified in the SSAE-16 Audit

**Frequency:** Annual

**Reporting Period:** Fiscal Year

**Measure Definitions:**

Number of SSAE-16 Material Weaknesses is defined as total number of material weaknesses identified in the SSAE-16 audit.

*All items included within the definition apply to activities only performed at the Payroll provider.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
6.1.8 Unit Cost of Processing a Wage Garnishment

**Measure Category:** Cost

**Calculation:** Costs Incurred to Process Wage Garnishments in the Calendar Year divided by the Number of Garnishments that Originate during the Calendar Year

**Frequency:** Annual

**Reporting Period:** Calendar Year

**Measure Definitions:**

Unit Cost of Processing a Wage Garnishment is defined as the total costs incurred to evaluate and process external wage garnishments in the calendar year divided by number of garnishments that originate during the calendar year. Types of garnishments include, but are not limited to:

- Child support
- Alimony
- Commercial wage garnishments
- Tax levies
- Bankruptcy
- Department of Education student loans

Does not include:

- TOP’s debt (Treasury Offset Program)
- Travel card debt
- Internal debt (salary overpayments, Federal property, etc.)

Costs may include:

- Pay and benefits of personnel processing the garnishments
- Overhead (specific to each provider)

Providers will note whether their garnishment process is outsourced.

*All items included within the definition apply to activities only performed at the Payroll provider or their outsourced vendor.*

*This measure will be used for comparison across all government selected payroll providers. There is not a standard industry benchmark available for comparison.*
6.2 Appendix B: 2013 Payroll Benchmarking Questionnaire

Thank you for taking the time to complete this questionnaire. Various cost and data elements may require your organization to generate special system reports to collect the necessary data. In addition, certain data elements may require estimates derived from observation of certain practices and processes. The following steps will provide for efficient and accurate benchmarking.

1. Review the Human Resources Line of Business Payroll Benchmarking Measure Definitions prior to completing this questionnaire.
2. If your system or records do not track certain items (e.g. cycle times), please approximate the requested figure by observing a defined shorter time period and extrapolating for the total.
3. All data should be reported based on calendar year or fiscal year 2012 data (except where noted.)
4. All questions should be completed. No input fields should be left blank.
5. Each organization should submit one completed document to the Human Resources Line of Business Program Office. Use this questionnaire to submit your information.
6. If your organization has any questions on completing the questionnaire or on an individual measure, please contact hrlob@opm.gov.

Please return your completed questionnaire by end of day Friday, March 15, 2013. Questionnaires and all additional documentation should be emailed to the HR LOB at hrlob@opm.gov.
2013 Payroll Benchmarking Questionnaire

1 Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted to and Certified with Treasury or DoD Disbursing Office

Calculation Average number of days for your organization to close the payroll system, process the bi-weekly pay, transmit the payment to Treasury or DoD disbursing office, and certify the transmission.

*Organizations should reference their calendar year 2012 pay cycles to determine an average cycle time.*

2 Payroll Price per Employee Serviced

Calculation Total payroll price divided by the number of employees serviced.

*Organizations should provide their FY12 price for their baseline services.*

3 Payroll Provider Servicing Ratio

Calculation Number of employees serviced during a calendar year.

Number of payroll process FTEs during a calendar year.
Servicing Ratio

Organizations should provide their data based on the number of employees they serviced during calendar year 2012 and their number of payroll FTEs during calendar year 2012.

4 Cost of Printing and Mailing Hard Copy W-2s

Cost incurred to print and mail hard copy W-2s.

Number of W-2s mailed in January 2013.

Total cost per mailed W-2.

If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.

5 Cycle Time of Electronic W-2 Distribution

Calculation

Number of calendar days between the day the last W-2 data is accepted and the calendar day W-2s are available electronically to the employee.

Organizations should provide their data based on W-2s made available in January 2012. The period of time being measured should end when all W-2s are made available to employees. The time period should account for any days providers
are performing exception W-2 processing, or the days that W-2s are in suspense. This time period does not include W-2c processing and reissues.

If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.

6  Cycle Time of Hard Copy W-2 Distribution

Calculation  Number of calendar days between the day the last W-2 data is accepted and the day W-2s are made available to the Post Office.

Organizations should provide their data based on W-2s made available in January 2012. The period of time being measured should end when all W-2s are made available to employees. The time period should account for any days providers are performing exception W-2 processing, or the days that W-2s are in suspense. This time period does not include W-2c processing and reissues.

If your organization outsources any part of the W-2 process please attach a separate document briefly telling us which parts of the process are outsourced.

7  Number of SSAE-16 Material Weaknesses

Calculation  Count of material weaknesses identified in the SSAE-16 Audit.

Organizations should provide their data based on their FY12 SSAE-16.
8  Unit Cost of Processing a Wage Garnishment

Calculation  Costs incurred to process wage garnishments in the calendar year.

Number of garnishments that originate during the calendar year.

Cost of a wage garnishment.

Organizations should provide their data based on calendar year 2012.

If your organization outsources any part of the garnishment process please attach a separate document briefly telling us which parts of the process are outsourced.

Payroll Benchmarking Questionnaire Change Document

1. Date changed on cover page to February 2013.
2. Heading changed on the instruction page, item 3 was changed to reflect calendar year or fiscal year 2012, and the due date was changed to March 15, 2013.
3. Heading changed to 2013 on first page of questionnaire calculations
4. All measures were updated to reflect calendar year or fiscal year 2012.
5. Measure #2 title was updated to include certification with Treasury or DoD Disbursing Office.
6.3 Appendix C: Department of Agriculture’s National Finance Center Narrative

Description of organization

The National Finance Center (NFC) serves the U.S. Department of Agriculture (USDA) and other Federal organizations providing reliable, cost effective, employee-centric systems and services so that customers can focus on serving this great nation through mission delivery. NFC looks to leverage its 30 years of leadership in the Federal sector and current capabilities to provide valued services centered on Federal employee recordkeeping.

NFC’s value proposition lies in these five key attributes:

- High reliability and proven track record.
- Low costs.
- High data and physical security.
- Knowledgeable, experienced staff with a “can do” attitude.
- Relationships, human and technical, with virtually every Federal organization.

The majority of NFC’s shared services workforce and operations are located in New Orleans, Louisiana with additional sites in Washington, D.C. and Denver, Colorado. Members of the New Orleans-based information technology staff, along with a small cadre of on-site personnel in Denver, support NFC’s primary data center and the disaster recovery operations at a backup data center in St. Louis, Missouri. NFC’s D.C. site has a small team providing customer service, marketing, payroll/personnel policy and interface to the Office of Personnel Management (OPM) and other regulatory bodies.

In keeping with its original mission of providing payroll services to USDA, the NFC developed and continues to maintain an integrated payroll offering that is best in class. The ability to maintain its systems in-house affords NFC the flexibility to adapt to unique client needs and requirements that are not routinely available from Federal or non-governmental sources. Since 1984 when the first Federal client entrusted its payroll services to NFC, approximately 170 Federal agencies across all three Federal Branches (Executive, Legislative, Judicial), as well as several independent governmental agencies rely on NFC for a bi-weekly gross payroll of $2.4B for more than 650,000 employees. These organizations range in size from four accounts to in excess of 175,000 accounts.

The NFC prides itself in providing the stability of competitively priced, integrated payroll/personnel baseline services. These services are also flexible enough to provide additional programming and support that clients with special and unique payroll servicing needs demand. Over the years, the core payroll/personnel business model has expanded to include additional offerings such as: state-of-the-art access for employees
via an Employee Personal Page and Employee Self Service; a 24/7 data communications help desk; a web-based, employee entry Time and Attendance system; a staff of dedicated customer support representatives; Human Resources (HR)/Payroll/Personnel help desks and training; and, both standard and ad hoc reporting functionalities available via a web-based system and a mainframe environment.

**List of baseline services**

Due to NFC’s history of accommodating unique client needs, it has developed a tiered approach to payroll services and related costs. The services listed below are those items that through experience NFC has learned are common payroll services that all of our clients want as a baseline payroll/personnel product. NFC also offers a variety of additional payroll/personnel services to clients on an individual client basis. These additional services are designed to meet the special and/or unique servicing needs of a particular client. Depending on the client situation, these additional services may be handled ad hoc or incorporated in that client’s service level agreement.

Baseline services provided include:

**Ad hoc Reporting (FOCUS & CULPRIT):**
- Provide client-specific, on-demand reporting (FOCUS and Payroll/Personnel Report Generator System (CULPRIT)).
- Beginning in May 2013, a new enterprise reporting solution, *Insight*, will be available to NFC customers. This product includes standard and ad hoc reporting capabilities.

**Benefits Reconciliation and Liaison:**
- Generate retirement and separation packages with supporting documentation and forward to OPM.

**Certification Services:**
- Provide accurate and timely certification of all salary payment schedules for the daily manual payroll process and the automated bi-weekly payroll processing cycle. This includes net salary payments and all payments related to employee withholding and agency contribution monies.
- Research and resolve all employee claims of non-receipt related to Electronic Funds Transfer (EFT) salary payments.
- Process and reconcile Treasury credits associated with payment cancellations.

**Claims Services:**
- Collect receivables related to former employee indebtedness.
- Refer bankruptcy cases for current and separated employees.
- Use all debt collection tools required by Treasury for collection of delinquent debts.

**Data Center Operations Services:**

- **System Maintenance and Operations:**
  - Provide continuous online availability during normal business hours.
  - Maintain multiple system environments (production, QA, test, development, etc.).
  - Perform regular maintenance on all production, test, and development infrastructure.
  - Provide ongoing systems tuning, capacity management, and performance monitoring.
  - Operate a 24-hour help desk for systems connectivity and availability issues.
  - Operate a multi-tier troubleshooting service for the Data Center.
  - Develop and maintain the schedules for processing each payroll cycle.
  - Design and maintain information technology infrastructure and telecommunications network to support applicable applications.

- **Voice Response System and Online Customer Information:**
  - Provide voice response system access to users.
  - Provide the infrastructure for the voice response, online knowledge database, and online directives.

- **Security:**
  - Provide a secure data processing environment for operation of the application software.
  - Provide security controls of various levels for personnel and payroll data.
  - Operate a security access process for client agencies and their staffs.
  - Provide security user access reports.
  - Establish and monitor security access.
  - Meet the National Institute of Standard and Technology (NIST) and Federal Government security standards and controls for systems that access, process, and store sensitive but unclassified data.

- **Technical Support:**
  - Provide technical support for agency security officers.
Troubleshoot access problems.

Perform certifications as prescribed in OMB Circular A-130, Management of Federal Information Resources.

- Continuity of Operations (COOP) and Disaster Recovery (DR):
  - Maintain a robust COOP program that exceeds the requirements prescribed in the Federal Continuity Directive. The NFC program includes: Business Impact Analysis (BIA), which evaluates the impacts of business disruption on the NFC; COOP, which outlines the organization’s plans for sustaining business operations when disruptive events emerge; and, DR, which focuses on the recovery of the information technology infrastructure.
  - Manage an alternate worksite (AWS) location in Shreveport, Louisiana, that enables the NFC to rapidly mobilize and sustain business operations.
  - Maintain a backup computer facility in St. Louis, Missouri that is activated should the Primary Computer Facility (PCF) in Denver become inaccessible.
  - Developed comprehensive COOP and DR plans that outline the measures NFC will enact to ensure the safety of employees and sustain business operations and/or resume IT services in the aftermath of a COOP event or disaster.
  - Provide timely status information and essential communications to customers via the NFC and USDA websites.
  - Conduct annual briefings on plans to respond to a wide array of potential interruptions to business operations.
  - Operate essential services and key systems from the AWS and/or the BCF.
  - Ensure that essential applications are available to our customers and are functioning properly within specified and agreed upon timeframes.
  - Collaborate with customers to provide technical support for installation and troubleshooting from the AWS and/or the PCF.
  - Provide DR drills.
  - Carry out COOP exercise drills annually to ensure operational readiness. Customer participation is welcomed and can be arranged 60-90 days in advance.
  - Produce Statement on Standards for Attestation Engagements (SSAE) – 16 Reports.

Debt Management:

- Establish and collect receivables related to current and former employee indebtedness.
- Provide debt problem resolution through use of a call center.
- Provide cash reconciliation information.
Debt Management Improvement Initiative:
- Addition of new database elements and inquiry screens.
- Expedite the collection process by consolidating, updating and creating new debt letters and repayment agreements.
- Reduce salary offset delay to 30 days.

E-Government Services:
- Coordinate USDA, NFC e-Government efforts.
- Coordinate with USDA, Office of the Chief Information Officer (OCIO) for OMB 300 investment status and cost reporting.
- Work with OPM and other shared service providers on standardization of Federal payroll-related policies/requirements.

Federal Erroneous Retirement Coverage Correction Act (FERCCA) Services:
- Process manual adjustments to employee retirement deductions and agency retirement contributions.

Paper Checks issued by Treasury’s Financial Management Service Payroll Accounting:
- Reconcile disbursement activity.
- Provide weekly payroll detail, in the format specified by the customer, to interface into their financial system.

Payroll Operations Support:
- Provide problem resolution through the use of the newly established NFC Contact Center (NCC). Phase I of the implementation of the NCC was implemented on October 1, 2012. This phase included the merger of three of NFC’s existing help desks: PPS, EmpowHR, and WebTA.
  - Phase 2 was completed in June 2013 and included help desk support for Administrative Billings and Collections (ABCO); ABCO Claims; and the Direct Premium Remittance System (DPRS).
- Respond to client written inquiries and controlled correspondence.
- Correct Time and Attendance (T&A) – receive, review and correct error conditions on submitted timecards and contact the agency if required to obtain necessary information. This process occurs during payroll week, a minimum of two times per day.
- Process manual payments – receive, assign, monitor, and complete the processing of manual payments initiated by the agency within a specified timeframe based on complexity. Process manual adjustments initiated within NFC to adjust various areas
such as W-2 suspense and cash reconciliation. This process occurs on a continuous basis.

- Correct Adjustment Processing System (ADJP) suspense – receive, analyze, and correct error conditions on NFC payroll adjustment record reports. ADJP items may include revalidations based on the processing of late personnel actions, T&A revalidations, and duplicate cash awards.
- Check recertification.

**Payroll Policy Support:**

- Liaison with OPM on new laws and regulatory requirements.
- Document system-wide specifications based on new laws and regulatory requirements.
- Develop functional requirements for new laws and regulatory requirements.

**Payroll/Personnel Processing:**

- Provide accurate and timely salary payments.
- NFC’s Payroll/Personnel System (PPS) Legacy Risk Mitigation project was initiated in 2011 to modernize the PPS application by converting from mainframe IDMS to an open system DB2 architecture.
- Develop standardized costing models for common services (e.g., Electronic Official Personnel Folder (eOPF), Position Management System (PMSO) Downloads).
- Support the client’s HR Officer in their correction of suspense data.
- Record and maintain official “system of record” payroll and personnel data on all client employees.
- Support and operate the interface with OPM to update the Government-wide Central Personnel Data File/Enterprise Human Resources Integration with personnel data on all client employees.
- Maintain the standard data dictionary for all personnel and payroll data.
- Close records based on fiscal year, tax year, leave year, and other reporting variables.
- Retire records following prescribed file and disposition schedules.
- Support end-user and client reporting. Beginning in the third quarter of FY13, the new enterprise reporting system, *Insight*, will also be supported.
- Provide employee self-service applications addressing employee informational needs and data change requests.
- Provide electronic options for:
  - Earnings and Leave (E&L) statements.
- W-2s.
- Personal Benefits Statements.
- Financial Disclosure Statements.
- Employee Self-Service.

- Transfer data to agencies following employee transfers.
- Provide systems design and development along with code, module, and integration testing.
- Coordinate end-user acceptance testing.
- Manage and implement production application controls for configuration management and security.
- Plan and develop basic training materials.
- Provide a tool for client-entered manual payments.
- Provide the degree of protection (administrative, technical, and physical safeguards) for the payroll/personnel data as prescribed by the Privacy Act of 1974, 5 U.S.C. Section 552A.
- Release payroll or personnel data in accordance with the provisions of the Freedom of Information Act/Privacy Act.
- Serve as designated certifying officers authorized to:
  - Certify payment vouchers chargeable to customer funds.
  - Withhold, collect, or offset funds from employees’ salaries as required by law, or as necessary to correct overpayments due customer from employees.
  - Pay or deposit such funds resulting from USDA, NFC payroll activities on behalf of the customer.
- Provide client support:
  - Act as the point of contact for all customer(s) projects/issues relating to NFC.
  - Inform the customer(s) of the latest NFC enhancements and assess the impact on the customer(s) processes or applications.
  - Escalate issues as determined necessary to ensure services are provided timely.
  - Monitor any System Change Requests or Incident Reports to ensure timely implementation or resolution.
  - Facilitate problem resolution.
- Participate in conference calls as requested by the customer(s) or as needed to ensure communication is complete and timely.
- Facilitate customer user and work group meetings.
Policy/Rules Compliance Services:

- Perform audits of NFC’s systems and operations.
- Coordinate audits with serviced agencies or their designated audit agents.
- Audit new programs.

Tax Reporting:

- Provide accurate and timely tax reporting.
- Close records based on tax year reporting variables.
- Reconcile tax deductions and report to Federal, State, and local taxing authorities.
- Produce and mail annual W-2s for each employee paid.

Number of employees serviced

NFC currently processes the payrolls for an average of 650,000 employees per pay period.

Number of client agencies

NFC currently paysrolls approximately 170 Federal agencies.

Type of special populations

NFC provides payroll/personnel services to Federal agencies covering various Federal Titles (e.g., Title 5, Title 7, Title 8, Title 12, Title 19, and Title 47), in addition to non-Federal entities such as Smithsonian’s Trust employees and USDA’s county employees. This includes Departments plus any independent agencies as identified by OMB. Following implementation of the Department of Health and Human Services (HHS) into NFC’s payroll/personnel system, Federal Titles (Title 38 and Title 42) will also be added.

Description of outsourced services

Bulk Mail Processing – Outsourced as of April 1, 2012 – Post Masters Mailing, Inc., 2762 Rand Road, Indianapolis, IN 46241
6.4 Appendix D: Department of Defense Defense Finance and Accounting Service Narrative

Description of organization

The people of the Defense Finance and Accounting Service (DFAS) take pride in serving the men and women who defend America. We take our contribution to national defense seriously. We work hard to fulfill the important fiscal responsibilities entrusted to us by the American taxpayers. We ensure the resources they provide are accounted for properly.

In FY 2012, DFAS:

- Processed 164.9 million pay transactions (6.6 million people/accounts)
- Made 7.1 million travel payments
- Paid 11.3 million commercial invoices
- Maintained 272.2 million General Ledger accounts
- Managed $631.2 billion in Military Retirement and Health Benefits funds
- Made $556.5 billion in disbursements to pay recipients
- Managed $60.9 billion in Foreign Military Sales (reimbursed by foreign governments)
- Accounted for 1,215 active DoD appropriations

DFAS overview

In 1991, the Secretary of Defense created the Defense Finance and Accounting Service to standardize, consolidate, and improve accounting and financial functions throughout the DoD. The intent was to reduce the cost of the Department's finance and accounting operations while strengthening its financial management.

DFAS pays all DoD military and civilian personnel, retirees and annuitants, as well as major DoD contractors and vendors. DFAS also supports customers outside the DoD in support of electronic government initiatives. The new customers include the Executive Office of the President, the Environmental Protection Agency, the Department of Energy, the Department of Veterans Affairs, the Department of Health and Human Services and the Broadcasting Board of Governors.

Since its inception, the agency has consolidated more than 300 installation-level offices into nine DFAS sites and reduced the number of systems in use from 330 to 111. As a result of BRAC efforts begun in FY 2006, DFAS has closed 20 sites, realigned headquarters from Arlington to Indianapolis and established a liaison location in Alexandria, Virginia.

DFAS is financed as a Working Capital Fund, obtaining revenue by charging its customers for the services it provides rather than being funded through direct appropriations. The
agency sets annual rates two years in advance based on anticipated workload and estimated costs calculated to offset any prior year gains or losses. DFAS operations are subject to oversight by DoD as well as the executive and legislative branches of the federal government.

DFAS has steadily reduced operating costs and has returned those savings to its customers in the form of decreased bills and improved service. These savings are a result of the agency's robust search for continuous innovation and enhanced business practices. DFAS remains the world's largest finance and accounting operation.

**Our mission...our vision**

The DFAS leadership and workforce is dedicated to achieving the agency’s vital mission every day:

"Lead DoD in finance and accounting by ensuring the delivery of efficient, exceptional quality pay and financial information."

To accomplish this and to guide our way to the future, the agency has adopted a vision that challenges us to build upon past accomplishments to reach higher:

"To be a recognized leader in DoD's financial management by consistently delivering first-class service and products."

**Our workforce**

Our focus is on the warfighters and everything we do to support them. This demands a highly talented and professional workforce.

The DFAS core values form the essential character of each individual within the agency. They are the guiding principles for each plan, project or action. These are the beliefs that must be a part of everything we do, have withstood the test of time, and will see us into the future. They are the foundation of the trust our customers have given us, the sense of partnership we hold for each person or organization we support, and the notion that, whatever our past accomplishments may be, they serve only as milestones to even greater successes.

**Integrity: Doing what is right**

- Accountability
- Dependability and commitment
- Rewards linked to performance

**Service: Striving to be a trusted financial partner**
Collaboration within and across governmental organizations
Commitment to financial stewardship
Timely and accurate information
World-class performance

Innovation: Creating new ways to do business

- State-of-the-art technology to become a trusted financial partner
- Advanced enterprise systems
- Business intelligence

DFAS Civilian Pay Operations are currently conducted in two locations. Payroll processing occurs in payroll offices located in Cleveland, Ohio and Indianapolis, Indiana. Technical and support services are also located in Indianapolis, Indiana.

List of baseline services

- Annual Aggregate Limit processing which includes the computation and deferral of wages
- Entitlements for items such as uniform allowance, retention, recruitment and relocation incentives, and bonuses
- Entitlements and allowances for employees serving in a foreign duty station
- Processing prior pay period adjustments as a result of Time and Attendance (T&A), Personnel, or retroactive regulatory changes
- Leave buy back processing related to the Office of Worker’s Compensation Program (OWCP)
- Off-cycle payments made daily via Automated Disbursing System (ADS)
- Physician Comparability pay
- Administratively Uncontrollable Overtime
- Standby payments
- Supplemental Payments
- Automatic adjustments for Thrift Savings
- Computation, deduction, disbursement, and reporting for federal, state, and local taxes, as well as Old Age Survivor’s Disability Insurance (OASDI) and Medicare
- Accounting, disbursement, reconciliation, and reporting of deductions and government contributions for Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS)
- Health Savings Accounts (HSA)
- Flexible Spending Account (FSAFEDS)
- Federal Long Term Care Insurance (FLTCI)
- Federal Employees Group Life Insurance (FEGLI)
- Federal Employees Dental and Vision Insurance (FEDVIP)
- Treasury Offset Program (TOPS) deductions
- Processing and administration of donated leave
- Cancelled Check processing
- Personal Check processing
- Employment Verification
- Union deductions based on flat amounts or tables
- Payment of union dues and distribution of detailed union deduction information to unions and, if requested, labor relations officials
- Government Quarters Housing deductions
- Separation processing; generation of lump sum payment based on Nature of Action Code (NOAC)
- Processing of taxable wage information from client finance offices for inclusion on the employees W2 (e.g., taxable travel payments, Permanent Change of Station reimbursements)
- Automated W2 processing, including ability to update W2 information after the final pay period for the year; automated W2c processing and on-line generation of duplicate W2s
- Automated deceased employee beneficiary pay
- Salary offset for active employees (debt collection)
- Savings allotments support
- Tier 3 Help Desk providing expert assistance for payroll related issues
- Disaster recovery, security, Continuity of Operations (COOP) and Testing
- Audit Support
- Full service accounting functionality
- Employee Self-Service and Distribution of Leave and Earnings Statements (LES) via MyPay and mail
- Issue resolution via Remedy system

**Number of employees serviced:**

DFAS Civilian Pay services over 1.2 million employees worldwide. Current conversion efforts will ultimately result in DFAS providing processing and support services to an approximately 6,000 additional employees for the Military Sealift Command, Department of the Navy.

**Number of client agencies**

DFAS Civilian Pay services 11 major DoD (Department of Defense) and 5 Non-DoD agencies.

**Type of special populations**

Graded and Ungraded
Physicians, Nurses - T42, T5, T38 and T5/T38 hybrid
Professors and Educators
Firefighters
Air Traffic Controllers
Judges
Law Enforcement Officers
Consultants
Uncontrollable Overtime Earners
Titles 3, 5, 10, 32, 38, and 42

**Description of outsourced services**

DFAS outsources the W-2 printing and mailing process to DRC (Data Recognition Corporation). DRC accepts and conducts a review of all W-2 data that is submitted and verifies addresses for mailing to ensure accuracy. Re-issued W-2s are processed by DFAS payroll offices in the DCPS (Defense Civilian Pay System) and printed by the Defense Logistics Agency (DLA) document services.

DFAS has a separate component organization that processes Garnishments. The Garnishment Operation provides a legal review of all documentation by paralegals under attorney supervision. The Garnishment Operation processes only court-ordered documents including: Child Support, Alimony, Commercial Wage Garnishments and Bankruptcy. Tax Levies and Department of Education student loans are not administered by the DFAS Garnishment operation.

The cost metric also includes the cost to process applications under the Former Spouses Protection Act, 10 USC 1408 and military commercial debt applications under 5 USC 5520A. The individual cost of these cases cannot be broken out, but it is important to note that DFAS Garnishments is the only agency that processes these.
6.5 Appendix E: Department of the Interior’s Interior Business Center Narrative

Description of Organization

The Department of the Interior, through the Interior Business Center (IBC), located in Denver, Colorado, offers a comprehensive customer-driven solution creating and generating the full life cycle of personnel and payroll transactions with its modern, flexible, and fully integrated (HR, payroll, and time and attendance) Federal Personnel and Payroll System (FPPS). The IBC also offers a state-of-the-art analytical data warehouse tool (DataMart), and a full array of other related operational services, all of which are included in the base-level services. IBC is both an ePayroll and HR LOB Shared Service Center and has been in the business of providing shared services for more than 30 years. IBC’s vision is to be the premier shared services provider for the Department of the Interior and federal government. The IBC’s methodology for fulfilling our mission and vision is an enterprise strategy. This methodology cascades throughout the IBC and services a guide for each line of business within the organization. IBC is using an enterprise strategy not only because it is a business best practice for industry and government, but also to position ourselves to achieve results. We embrace and demonstrate our organization’s values—Accountability, Customer Focus, Innovation, Integrity, Teamwork, and Thrift in every task we perform.


In CY 2012, IBC:

- Processed pay for 286,595 employees
- Disbursed over $28 billion to pay recipients
- Processed 18,619 retirement and separation packages to OPM
- Processed 31,048 separations transactions

IBC is financed as a Working Capital fund, obtaining revenue by charging its customers for the services it proves rather than being funded through direct appropriations. The IBC sets annual rates two years in advance based on anticipated workload and estimated costs are calculated to offset any prior year gains or losses. Client migrations to the IBC allows for economies of scale generally maintaining the W2 rate since 1994.

Our Mission and Vision

The IBC’s mission is to provide high quality efficient and transparent business management services that enable our customers to focus on their core mission. Our vision is to be the premier shared services provider for the Department of the Interior and Federal Government.
The FPPS is IBC’s enterprise integrated personnel/payroll system supporting employees in 42 agencies. The HR IT system was developed in-house using a suite of Software AG products. Software maintenance is performed by the IBC.

IBC is committed to providing our clients with innovative human resources products and services that meet their needs and are congruent with leading-edge technology. To realize this commitment, we have expanded IBC’s human resources strategic direction by committing to expand HR LOB service offerings and systems; standardize and improve business processes for all human resources operations; award and offer economy of scale contracts for significant savings off GSA schedules and improve automation for efficiency, service, and security gains.

To support the above processes, the IBC has developed the Human Resources Management Suite (HRMS). The HRMS is a set of human resources-related business process workflows, business rules, event rules, and routing rules that tie together human resources systems hosted by IBC, partner vendors, and customer agencies. There are a number of connectors, which provide real-time integration between federal human resources related e-Gov initiatives, FPPS and HRMS systems, including an Entrance on Duty System (EODS); a Talent Management System (TMS-learning, competency, and performance); Federal Employee Benefits System and a Workforce Transformation and Tracking System (WTTS). The IBC also makes available to its customers optional, web-based Time and Attendance solutions including Kronos webTA and IBC’s own Quicktime.

The IBC is a major provider of hosting services, which are comprised of infrastructure, telecommunications, storage management, application architecture, and data center security. The IBC hosts OPM’s eGovernment initiatives to include the electronic Official Personnel File (eOPF) and the Enterprise Human Resources Integration (EHRI) data warehouse.

**List of Baseline Services**

IBC prides itself on the comprehensive nature of its payroll services. Below is our full list of base-level payroll-related services.

**Time and Attendance Processing**

- FPPS T&A Module provides for collection of leave and work hours, information on shift, overtime, and other premiums, exceptions to biweekly and hourly limits, project numbers, comprehensive editing at time of input, online help, and table look-ups. Timesheet processing includes on-line storage of timesheet data, and an on-line audit trail of changes. The T&A module is also used to store and edit T&A data received from other T&A systems. (Note: IBC also offers T&A solutions WebTA
and Quicktime, which is web-based and designed for employee entry. WebTA and Quicktime are not part of a base level services.)

- Continuous T&A editing once the T&A has been submitted to FPPS, and proactive interactions with timekeepers, personnel offices, and supervisors to resolve T&A errors before payroll calculation. An on-line error correction process used by the Payroll Office allows for cleaner T&A data to be sent to FPPS pay calculation.

- Automated leave processing of all regulatory leave types, including annual, sick, restored, military, leave under the Family and Medical Leave Act (FMLA), bone marrow/organ donations, administrative, and numerous agency-unique leave types. FPPS also supports credit hours, compensatory time, time-off awards, home leave, and shore leave. Leave processing includes applying accruals, maintaining balances, applying regulatory maximums, and reporting.

- Automated support for agency-unique leave types, or agency-unique leave processing, including maintaining balances, applying maximums and expirations dates, and reporting.

- Automated leave share and leave bank programs, including donations and receipts, accrual of special leave accounts per regulations, automated return of unused donations upon case closure.

- Automated support for worker’s compensation and continuation of pay cases with quarterly reporting.

### Pay Processing

- Pay processing, including all calculations of gross-to-net pay; processing of pay and leave adjustments; government additives; applying hourly, biweekly, and annual limitations; maintenance of data for current and future reporting; and production and distribution of reports.

- Automatic deferral of payments that exceed the aggregate pay limitation, and automatic generation of those payments in the following year or upon the employee’s separation.

- Entitlements for items such as uniform allowance, fringe benefits, recruitment and relocation incentives, and bonuses.

- Entitlements and allowances for employees in foreign duty stations (Temporary Quarters Subsistence Allowance, Living Quarters Allowance)

- Prior pay period re-computations resulting from changes in T&A data, personnel actions, or retroactive regulatory changes. Changes within the last 26 pay periods are automated; IBC processes older changes by making manual calculations and submitting one-time adjustments through FPPS.

- Computation and disbursement of Back Pay Act provisions of third-party case settlements, including payment and Form 1099 reporting of interest, as authorized.

- Leave buy back related to periods of Office of Worker’s Compensation Program (OWCP) are computed, collected, and the records adjusted accordingly.

- Off-cycle payments via an automated Pay Daily process.

- Physician Comparability Allowance payments.

- Administratively Uncontrollable Overtime payments.
- Standby payments.
- Student Loan repayments as hiring and retention incentives.
- Automated processing of Transportation pre-tax deductions and Fringe Benefits.
- Computation, deduction, disbursement, and reporting for federal, state, and local taxes, as well as Old Age Survivor’s Disability Insurance (OASDI) and Medicare. IBC also provides separate tracking and reporting of prior year OASDI and Medicare transactions.
- Association and fitness dues deduction processing.
- Union deductions based on flat amounts, table lookups, or percentages of gross or base pay.
- Government Quarters Housing deductions, including appropriate tax treatment for required Quarters occupancy.
- Accounting, disbursement, reconciliation, and reporting of deductions and government contributions, as applicable, for Civil Service Retirement System (CSRS) and Federal Employee Retirement System (FERS), life insurance, health insurance, TSP, TSP Roth, thrift loans, and military service credit deposits.
- Disbursement of net pay via electronic funds transfer and Treasury checks; accounting and disbursement of deductions, including savings allotments, health savings allotments, voluntary tax allotments, discretionary allotments, housing quarters deductions, charities, union dues, association dues, commercial garnishments, child support, alimony, bankruptcies, education loans, Long-Term Care premiums, Flexible Spending Account (FSA) deductions, Federal Life Insurance, and Dental and Vision Care premiums.
- Payment of union dues and distribution of detailed union deduction information to unions and, if requested, labor relations officials via email.
- Processing of taxable wage information from client finance offices for inclusion on the employees W2 (e.g., taxable travel payments, Permanent Change of Station reimbursements).
- Automated W2 processing, including ability to update W2 information after the final pay period for the year; automated W2c processing; and on-line generation of duplicate W2s.
- Automated deceased employee beneficiary pay.

**Separation Processing**

- Maintenance and reconciliation of retirement records
- Submission of retirement packages to OPM; closeout of retirement cards
- Maintenance of military records and civilian military service credit deposits.
- Separation processing; generation of lump sum payment based on Nature of Action Code (NOAC); issuance and certification of Standard Form 1150 (SF-1150) Record of Leave Data report
- Offset advanced leave balances against final net pay
- Offset debts against final net pay or unused annual leave
- Automated generation of severance pay based on NOAC, if applicable
Debt Management
- Management of salary-related debts,
- Issues Request for Bills of Collection to employees, providing due process,
- Issuing collection notices in accordance with the Debt Collection Improvement Act;
- Provides debt resolution via payroll contact names and phone numbers printed on each bill to assist employees when questions arise.
- Salary offset for active employees. Negotiates repayment schedules; initiating involuntary collections to reduce salary offset delays; accruing interest; establishing amortization schedules;
- Adjudicates waiver requests.
- Provides bi-monthly and monthly reports to serviced agencies to assist in tracking the debt status and activity for cash reconciliation information.

Wage Garnishments
IBC processes in-house all voluntary and involuntary garnishments via court orders per 5 CFR 581. The IBC is the garnishee agent for all clients serviced. The IBC receives the orders from legal offices, reviews applicable state and local regulations.
- Reviews and processes garnishment orders for collections for external (non-salary related) debts
- Processes collection from the Treasury Offset Program and Delinquent Credit Card Offset program.
- Deducts travel advances or other non-salary related internal debts at the request of the employing agency.
- Provides employee notice and enforcing regulatory maximums for collections as follows:
  o child support,
  o bankruptcies,
  o commercial garnishments,
  o education loans,
  o alimony,
  o tax levies

Accounting and Certification
- Creation of labor cost file for interface to client labor cost system or accounting system. Creation of detail and summary accounting reports. Reconciliation of labor cost file with payroll disbursements. Assistance to client accounting offices on payroll accounting issues.
- Collection, deposit, reporting, and crediting of employee records for check and cash receipts, including receipts for bills, military service credit deposits, OWCP buyback, and advance payments of health benefit premiums.
- Collection Subsystem that tracks and accounts for receipts of cash or checks.
- Tracks, reconciles and re-issues returned or cancelled payments and Treasury credits, including Limited Payability credits. Resolution of lost/stolen paychecks and
other post-issuance problems. Issue replacement checks and track the status of funds.

- FPPS Summary Reconciliation Report is available via DataMart (data warehouse) to assist with reconciling to Labor Cost file and biweekly payroll charges.
- OTC.net system tracks and accounts for receipts of cash or checks.
- Reissue / Re-certification process enables us to provide replacement payments to employees within a day.
- Provides accurate and timely certification of all salary payment schedules for the off-cycle daily payroll process and the automated bi-weekly payroll processing cycle. (2014 monthly payroll processing for Justices). This includes net salary payments and all payments related to employee withholding and agency contribution monies.
- Research and resolve all employee claims of non-receipt related to Electronic Funds Transfer (EFT) salary payments. Approximately 98% of employees receive funds electronically. Treasury’s tolerance rate for hard copy checks vs. EFT is 5%. The IBC’s ratio is 1.29%.
- Provides tax reporting, reconciliation to Federal, State, and local taxing authorities.
- IBC performs all tax accounting, reconciliation, 941, W2, W2c as well as 1099 reporting for interest and beneficiaries.
- Produce electronic and mailed annual W-2s for each employee paid.

**Benefits Liaison Support and Reconciliation**

- Maintenance of retirement records (both service history and fiscal data), military service credit deposit records and providing for check payment or payroll deduction of military service credit deposits.
- Generate retirement and separation packages with supporting documentation to OPM
- Process Health Benefit submissions to carriers.
- IBC is responsible for working the quarterly reconciliation with carriers.
- Automated Retirement and Insurance Transfer System (RITS) reporting with capability to include external transactions.
- Calculate Thrift Savings Plan (TSP) catch up contributions for employees serving on military duty that are subject to the Uniformed Services Employment and Reemployment Rights Act (USERRA).
- Thrift Lost Earnings pass-through from the TSP record keeper to client agency via labor cost file.
- Automated processing of Thrift rejects, Thrift loans, and shutdown of deductions due to TSP in-service withdrawals.
- Users have on-line ability to enter Health Benefit information for Standard Form 2809 (SF-2809) Employee Health Benefits Election Form and Standard Form 2810 (SF-2810) Notice of Change in Health Benefits.
- Calculate, process adjustments, and report for the Federal Erroneous Retirement Coverage Correction Act (FERCCA) to employee retirement deductions and agency retirement contributions in accordance with OPM guidelines.
• Provides information for the Federal Employee Benefits Statement maintained in Employee Express

**Reporting**

• Salary related debt reports via the DataMart
• Employer quarterly tax reporting
• Associated payroll management reports, including, but not limited to, budget reports and accounting distribution summary reports.
• Leave and Earnings Statements electronically via the EEX website
• Pay related reports for overtime, compensatory time, imputed costs, leave, etc.
• OPM employment reports
• Department of Labor containing monthly employment data and total quarterly wages paid.
• W-2, Corrected W-2, 1099, etc.
• Employment verification via The Work Number by the Equifax (TALX Corporation).
• Unemployment reporting via the Equifax Corporation’s UC-Express.
• Submit FEHB enrollment forms to Health Insurance Carriers
• Provide OPM required data for the SF-113A and G reports
• Automated support for reporting i.e., Benefit Remittance Report, Semiannual Headcount Report

**Miscellaneous**

• Distribution of Leave and Earnings Statements (LES) both by mail to the home address of employees and 100% availability for electronic access through Employee Express. (Employee Express is an extra charge, not base level service). Duplicate LES can be issued immediately upon request. LES can include broadcast messages and individual messages, such as expiration of compensatory time and restored leave, update of Within Grade Increases (WGIs), and changes in pay.
• Represents all but a few client agencies as Employee Express Board Members. Some larger agencies maintain their own representation for prioritization of changes, etc.
• Employee Express also includes employee self-service for changes to address, banking information, allotments, TSP, and other voluntary deductions, as well as the capability to print W-2s, a Federal Employee Benefits Statement, and Emergency Contact information maintained by the employee.
• Imaging of documents to eliminate the need for stored paper documents and allow for imaged document retrieval.
• Partner with OPM on new laws and regulatory requirements for implementation timeframes and consistency among Shared Service Centers
• Develop functional requirements for new laws and regulatory requirements.
• Release payroll or personnel data in accordance with the provisions of the Freedom of Information Act/Privacy Act.
Audit Support includes financial statements, A-123, OIG, and Statements on Standards for Attestation Engagements (SSAE) 16.

Issue resolution via Remedy system

Plan and develop basic and customized training materials.

The following functions are an integral part of the overall IBC integrated personnel and payroll service delivery model:

**FPPS General System**

- The FPPS is a single integrated personnel and payroll system. Clients using FPPS do not need a separate system for processing personnel actions. This is a significant benefit over technology that requires two separate systems with separate databases, along with the necessary reconciliation between the systems.
- Ticklers sent through a client’s e-mail system.
- On-line query and DataMart reporting. A library of standard queries is available to all users that can be executed as is or used as a baseline for customized queries. The DataMart has approximately 160 canned reports available to customers. Clients also develop their own queries and have literally saved hundreds of other reports as well as modified versions of the canned queries.
- Customer Support Center (CSC) for end-users and employees operates a 24-hour help desk for systems connectivity and availability issues and operates a multi-tier problem resolution related to all services provided by the IBC.
- SF-50s automatically generate the payments for Administratively Uncontrollable Overtime, Availability Pay, Awards, Relocation Incentives, Recruitment Incentives, Retention Incentive, Separation Incentives, and Student loan repayments.
- Annual pay raise processed by FPPS.
- View an employee’s personnel and payroll history on-line.
- Interfaces daily to the retirement system.
- Accommodation of dual positions (employee has two different positions simultaneously in the same or different agencies).
- Mass change capability, such as reorganizations, realignments, and awards.
- Automatic accumulation of non-paid hours for Leave without Pay, Within Grade Weeks, or Appointment Limits (day, weeks, or dollars) for timely generation of WGI actions.
- Electronic generation of standard reports (Standard Form 113A and 113G, Monthly Report of Fulltime Equivalent/Work Year Civilian Employment), OPM’s eOPF, Central Personnel Data File (CPDF), and EHRI.
  Users are alerted of important information from IBC through Message of the Day command.
- Table-driven Order of Precedence for deductions and aggregate and annual pay limitations.

**Security and Performance (COOP and Disaster Recovery)**
- Maintenance of security and integrity of the database and client data. Management of system-level user IDs, passwords, and access authorities.
- Mainframe Security Access.
- Security Access profiles.
- Audit trail capabilities.
- Provision and management of a Disaster Recovery program, including: development and maintenance of a Contingency of Operations Plan (COOP) that covers FPPS and Quicktime, webTA production environments; provision and management of an off-site storage; provision and management of a hot site facility; performing disaster recovery backups; and scheduling, coordination, and support of a disaster recovery testing process.
- Provision of and management of a “health and well-being” monitoring system for FPPS and Quicktime environments.
- Management of a monitoring and reporting system of FPPS and Quicktime, webTA activity and performance levels.
- Provision of and management of a physically secure hosting facility, meeting Federal government policies and standards for both physical and logical security.
- FPPS remains in compliance with all applicable NIST and OMB guidance incorporating Plans of Actions and Milestones (POA&M) items to manage needed changes/updates.
- FPPS maintains major application Authority to Operate (ATO) certifications clients can use in their financial reporting submissions.

In addition to the comprehensive list of payroll and other services above, IBC provides an unparalleled customer-centric focus. Our Customer Support Center (CSC), concentrates primarily on the needs of individual employees, answering their pay and leave questions directly. The CSC is staffed by payroll experts with extensive experience. IBC is extremely proud of our outstanding responsiveness: 80% of calls are answered in 30 seconds or less and 95% of emails are responded to in 2 hours or less. Additionally over 80% of contacts are resolved on the spot by the CSC, relieving the payroll client agency from that responsibility. In the unlikely event an employee reaches an automated attendant, the target response time is a return call within 2 hours. In 2012, IBC met this goal 98 percent of the time. The CSC’s toll-free number is printed on each LES.

Communications

IBC notifies customers of procedures and plans at the client FPPS User Group Representatives meetings held three times a year, through memorandums via email notification, the FPPS website pages, at Payroll workshops, and through Messages of the Day. Topics include completed emergency requests, furlough processing, conference walkthrough for change requests implemented in the FPPS releases, and system modernization efforts. Notification is via FPPS User Group Meetings, email
communications, and FPPS “Messages of the Day”. The most updated information from User Group Meetings is available via the IBC web page.

To further expand the capabilities of the FPPS the User Group Representatives prioritize Change Requests at each user group meeting. The FPPS User Group Charter contains the explanation of the CR prioritization process and the document is posted on our website.

The IBC Payroll Operations Division notifies client agencies of procedures and plans in various methods. The Payroll Operations division also has various information on our web page including What's New, Frequently Asked Questions, and the Client Interface Guide. The Client Interface Guide provides roles and responsibilities for interacting with the payroll Operations division for various tasks. User Group communications include topics such as early time and attendance processing periods, year-end procedures, upcoming tax changes, fiscal year end processing, and reports available in the DataMart, etc. The Payroll Operations Division participates in conference calls as requested by the clients or as needed to ensure communication is complete and timely.

The IBC has an established Client Liaison Office which is familiar with our clients and their unique business processes and practices. The Client Liaison Office meets on a regular basis with the DOI Office of Human Resources to provide and receive updates on strategic assessments and HR initiatives. The IBC continually communicates with its clients in various user groups regarding process in client expansion, proof of concept projects and directions.

Service Level Agreements are forwarded to each client on a quarterly basis and posted on our website. Since the IBC operates a single HR/payroll system, many of performance results passed to clients represent composite metrics from the system.

**Number of Employees Serviced**

286,565

**Number of Client Agencies**

42 agencies used IBC for payroll services in 2012 in addition to 15 bureaus within the Department of the Interior. Additional agency client migrations are planned for 2013 and 2014. Four agencies have signed agreements with the IBC and as of July 2013 are in the planned migration stage.

**Special Populations Serviced**

All of our customer agencies are ‘special’ to us, and many of them have unique business requirements. However the following list provides examples of the larger populations
with unique requirements and various Federal Titles (e.g., United States Code Title 42, Title 5, and other non-Title 5 personnel for Judges and Justices)

- Air Traffic Controllers and other FAA employees
- Pay Banded employees at several agencies
- United States Park Police
- Law Enforcement Officers
- Consultants
- Bureau of Indian Affairs Contract Educators
- Tribal Employees retaining government benefits
- Securities and Exchange Economists
- Casual (Emergency) Workers in Department of the Interior and Department of Agriculture
- Youth Conservation Corp
- Federal Judges and Justices
- Personal Services Consultants

**Description of Outsourced Services**

- All labor associated with printing W2s and preparing them for mailing is done on-site by government contractors and Xerox.
- IBC utilized OPM’s Employee Express to make 2012 W2s available electronically to employees and self-service capabilities.
6.6 Appendix F: Department of State Narrative

Description of Organization

The U.S. Department State provides a variety of payroll and retirement annuity payment services through the Bureau of the Comptroller Global Financial Services, Global Compensation Directorate (CGFS/C). Global Compensation provides Foreign and Civil Service payroll services for Department employees, Foreign Affairs Agencies and other federal agencies with overseas employees subject to Department of State Standardized Regulations (DSSR) eligible allowances and incentive pay. In addition, Global Compensation provides Retirement Annuity payment services for Foreign Service Retirees and consolidated payroll services for all Locally Employed Staff (LES), including foreign nationals and American citizens, working for the U.S. Government at our diplomatic missions abroad.

Global Compensation is committed to providing its employees and customers with full service DSSR Compliant Foreign Affairs Payroll services. To support these services Global Compensation is phasing out its legacy payroll and retirement systems and implementing the Global Foreign Affairs Compensation System (GFACS) based on Oracle’s PeopleSoft HCM North American and International Payroll Systems and PeopleSoft Time and Labor. The GFACS will provide a robust set of payroll-related business processes, rules, events, routing and reporting capabilities; leveraging the full functionality of PeopleSoft North American and International Payroll and compatibility with PeopleSoft HCM Applications.

List of baseline services

Payroll Service with full support for Department of State Standardized Regulations

Global Compensation provides full service payroll processing and specializes in servicing Federal Government customers with employees and LES serving at overseas embassies and consulates. These services include complete processing of payroll, and all payroll actions associated with Permanent Change of Station and long-term TDY travel to, from and between overseas locations and duty stations.

Payroll processing and entitlements for direct-hire American employees overseas are subject to DSSR regulations and result in frequent start, stop and changes of allowances and incentives. Global Compensation provides specialized processing for complex overseas allowances and incentives and full support for tax treatment. Some allowance are considered “incentive” allowances by the IRS (post differential, danger pay, and difficult-to-staff) and are taxable as additional compensation. Other allowances are considered “reimbursements” for extraordinary expenses due to a foreign assignment and are non-taxable. Supported allowances and incentives include:

- Foreign Travel Per Diem Allowances
- Permanent Change of Station between US and Foreign Area
- Permanent Change of Station from one Foreign Area to Another
- Temporary Duty/Detail
- Temporary Quarters Subsistence

- Cost of Living Allowances
  - Post Allowance
  - Foreign Transfer Allowance
  - Home Service Transfer Allowance
  - Separate Maintenance Allowance (voluntary, involuntary, transitional)
  - Education Allowance
  - Educational Travel

- Recruitment and Retention Incentives
  - Post Hardship Differential
  - Danger Pay
  - Difficult-to-Staff Incentive Differential

- Quarters Allowances
  - Temporary Quarters Subsistence Allowances
  - Living Quarters Allowance
  - Extraordinary Quarters Allowance

- Other Allowances
  - Representation
  - Official Residence Expense
  - Evacuation Payments
  - Advance of Pay

Payroll processing for LES is accomplished according to host country specific pay plans that are consistent with local laws and regulations. Disbursements are generally made in local currency in accordance with prevailing local banking customs and conditions.

**Allowance only Services**

Global Compensation offers allowance only services for federal agencies that have American Civil and Foreign Service employees working overseas. Allowance only services include payment and tax withholding processing for incentive allowances and reimbursements only, enabling agencies to continue processing salary payments normally while avoiding complex entitlement rules and processing requirements.

**Number of employees serviced**

34,643 American Civil and Foreign Service Employees
62,660 Locally Employed Staff (Foreign Nationals and American Citizens)

**Number of client agencies**

40 agencies used Global Compensation for payroll or allowance only services in 2012.
**Special populations serviced**
- Foreign Affairs Agencies
- Agencies with Overseas Operations
- Agencies with Foreign National Employees

**Description of outsourced services**
- Services associated with printing and mailing W-2s is provided by internal Department of State Global Publishing Solutions
- Global Compensation uses OPM’s Employee Express to provide American employee self-service capabilities
6.7 Appendix G: General Services Administration Narrative

Description of Organization

The U.S. General Services Administration (GSA) has over 40 years of successful history providing “back-office” services (financial, human resources, travel, payroll and administrative support functions) to the Federal marketplace. As an organization whose mission supports the administrative and financial needs of our client agencies and GSA, our objective is to deliver our services and systems in a customer-responsive, cost-efficient, integrated, and scalable manner.

GSA’s HRLOB Shared Service Center (SSC), Business Management Office (BMO) is the “umbrella” organization responsible for delivery of shared services, both internally and externally. The BMO works in tandem with the Office of the Chief Financial Officer (OCFO), Federal Integrated Solutions Center (FISC) to deliver shared services to our client agencies. GSA’s HR LOB SSC provides support to GSA Shared Services organizations, including the payroll operation, in several areas, including the following:

- Setting Strategic Vision and Goals.
- Review and Approval of Service Offerings.
- Function as a service “broker” between the management and delivery of services as well as across service lines.
- Serve as Account Manager contact person for resolving specific customer issues, change requests, or new requirements.
- Support the consistent achievement of customer service delivery goals and ongoing operational optimization of the service across delivery lines.
- Develop the GSA HR LOB SSC brand, marketing materials, and communication strategy and plan for internal and external purposes.
- Maintain Interagency and Service Level Agreements.
- Manages the interface between GSA and potential and existing clients, providing a single primary point of contact.
- Manages the client relationship throughout the entire life cycle, from lead pursuit to steady state.
- During the Business Development Phase, markets and sells HR LOB services, responds to requests for information, processes, tracks leads, and coordinates with other GSA staff to prepare proposal responses, formalize agreements, and develop transition plans.
- For existing clients, serves as the account partner to solicit feedback, communicate performance results, improve service levels, and coordinate change requests or responses to problems.

GSA has been a cross-service provider of payroll services for over 40 years for a diverse group of approximately 24,000 employees in approximately 40 federal agencies and presidential commissions. The GSA National Payroll Branch (NPB), located in Kansas
City, Missouri is an organization within the GSA OCFO that provides a full range of payroll services from hiring to separation.

The NPB is responsible for the management and centralized operation of GSA’s Payroll Accounting and Reporting system (PAR), a fully automated, civilian payroll system. The PAR System was designed, developed, and is maintained by the GSA Financial Administrative Systems Division, and has been operational since 1995. The GSA NPB operates in a strong internal control environment and is audited by several outside entities annually. This includes financial statements, A-123, Office of the Inspector General, customer agency, and Statement on Standards for Attestation Engagements (SSAE) 16 audits.

The GSA HR LOB SSC commitment is to ensure our clients receive all-inclusive, efficient and flexible services at a fair price. As part of the GSA HR LOB SSC, the GSA NPB provides personalized customer service and handles specialty processes for federal, non-federal, and quasi-federal agencies. The NPB provides full payroll services, which allows our clients to focus on their core mission instead of worrying about administrative functions such as payroll. Our niche is the small to moderate size market of federal agencies and presidential commissions. Many of our clients use GSA’s Comprehensive Human Resource Integrated System (CHRIS) for human resources management. For those clients that do not use CHRIS, the NPB manually inputs human resource actions directly into the PAR system.

The GSA NPB has an on-site centralized customer service helpdesk. Customer Service Representatives respond to approximately 98.8% of all inquiries at the point of contact. A helpdesk ticket is created for complex issues and referred for further research and resolution. The NPB customer call center is available to all employees serviced. In addition, employees have several self-service options through the GSA Payroll website and Employee Express (EEX).

The NPB is comprised of three sections: the Payroll Operations and Customer Service Section, the Control, Analysis, and Reporting Section, and the Policy, Benefits, and Collections Section. The Payroll Operations and Customer Service Section processes the bi-weekly payroll actions, garnishments, leave audits, and responds to Customer Service inquiries for all pay accounts. The Control, Analysis, and Reporting Section is responsible for all biweekly and calendar year post pay cycle processing to include the certification of payroll disbursement files to Treasury, reporting of payroll data to regulatory and taxing authorities, internal and external audit support, and balancing of critical payroll system outputs to internal data necessary to maintain system integrity and data validity. The Policy, Benefits, and Collections section maintains timekeeping and payroll-related policy, conducts waiver investigations, and manages commercial wage garnishments and debt processing. The section reconciles overseas living quarters allowances, processes Treasury returns, and performs cash reconciliations and accounting edits.
List of baseline services

1. **Payroll Services.**
   - Furnish all necessary payroll system support functions as provided by the PAR system.
   - Track and monitor all activities, from initial hire through final payments at separation and submission of retirement records to the Office of Personnel Management (OPM).
   - Manage Federal Employee Health Benefit (FEHB) Temporary Continuation of Coverage (TCC) for the Client Agency employees.
   - Manage automated donated leave program for employees who wish to donate leave within their agency or to other Federal agency or commission employees.
   - Calculating, recording and collecting annual leave buy back resulting from Office of Workers’ Compensation Program (OWCP).
   - Calculate and report Federal Erroneous Retirement Coverage Corrections Act (FERCCA) corrections in accordance with OPM guidelines.
   - Calculate Thrift Savings Plan (TSP) catch up contributions for employees serving on military duty that are subject to the Uniformed Services Employment and Reemployment Rights Act (USERRA).
   - Process TSP adjustments including lost earnings, make up contributions, and the TSP Payroll Extract report.
   - Process off cycle manual payments via Treasury Secure Payment System (SPS) and manually update the PAR system to include required tax deductions.

2. **Time and attendance processing.** The Electronic Time and Attendance Management System (ETAMS) is used to:
   - Collect time and attendance data.
   - Report and release time and attendance data.
   - Edit and correct time and attendance data.
   - Accrue leave.
   - Process leave.
   - Adjust leave.
   - Create amended time cards.
   - Generate Supervisory Time and Attendance Certification reports.
   - Record employee labor distribution.

3. **Labor Distribution.** Provide labor distribution interface or data feed to financial systems.

4. **Retroactive Pay/Leave Processing.**
   - Prior pay period re-computation due to time and attendance or personnel action changes and corrections.
   - Administration of Back Pay Act provisions for third-party case settlements.
   - Pay and leave adjustments resulting from late personnel actions.
5. **Process and input all employee benefits and deductions including.**
   - Child Care Subsidies and Moving Allowance Tax withholdings.
   - Discretionary allotments.
   - Voluntary tax allotments.
   - Union dues.
   - Charities.
   - Association dues deduction.
   - Savings allotments.
   - Thrift Savings Plan (TSP).
   - Health Savings Accounts (HSA).
   - Flexible Spending Account (FSAFEDS).
   - Federal Long Term Care Insurance (FLTCI).
   - Federal Employees Group Life Insurance (FEGLI).
   - Federal Employees Dental and Vision Insurance (FEDVIP).
   - Provide pretax Federal Employees Health Benefits (FEHB) premium conversion.
   - Provide pretax qualified transportation fringe benefits program.
   - Foreign allowances including Living Quarters Allowances (LQA), post differential, post allowance, danger pay, and education allowance.

6. **Tax Reporting.**
   - Automated Form W-2 reporting including Internal Revenue Service (IRS) Form W2-C processing. Employee tax forms are available on-line via the Employee Express (EEX) website.
   - Prepare and process Cancellation of Claims, IRS Form, 1099C reporting for employee debts.
   - Employer quarterly tax reporting (IRS form 941 and 941X) via the EFTPS system.

7. **Comprehensive payroll reports.**
   - Associated payroll management reports, including, but not limited to, budget reports and accounting distribution summary reports are included.
   - Earnings and Leave Statements electronically via the EEX website.
   - Premium Pay Validation reports.
   - Quarterly Overtime reports.
   - Consolidated Payroll reports.
   - Accounting Distribution report.

8. **Payroll reporting to stakeholders.**
   - Electronic file to Department of Labor containing monthly employment data and total quarterly wages paid.
   - OPM civilian employment reports.
   - Budget reports.
Quarterly Parent Locator File for Health and Human Services’ Office of Child Support Enforcement.
- Automated unemployment reporting via the TALX Corporation UC-Express service.
- Submit FEHB enrollment forms to Health Insurance Carriers (SF 2809/2810 forms).
- Provide OPM required data for the SF-113A and SF-113G to the Client agency by the 10th of each month reflecting information for the preceding month.

9. **Wage garnishments.**
- Provide full service Commercial Wage Garnishments processing on behalf of client agencies. The NPB receives garnishments orders from legal offices; reviews applicable state and local laws pertaining to wage garnishments; sends notification to the employee; calculates the biweekly salary offset amount; collects an employee service fee; disburses and mails the payment; and corresponds with the legal offices on the status and pay off date of the commercial wage garnishment.
- Process other wage garnishments (including input data into the PAR system) for the following:
  - Child support /alimony withholdings.
  - Tax Levies (IRS, State and local).
  - Bankruptcies.
  - Department of Education Student Loans.

10. **Debt management.**
- Process debt and pre-offset notification.
- Salary offset for active employees (debt collection).
- Process Treasury Offset Program (TOPS) deductions.
- Collect and report claims for former employees. Respond to bankruptcy cases for current and former employees.
- Conduct waiver investigations for overpayment of pay and allowances.
- Provide joint payroll debt processing procedures.

11. **Check Processing.**
- Personal check processing, including payments received for overpayments, health insurance, debt collection, military service credit payments, etc.
- Processing for Treasury returns, limited payability and check cancellation.

12. **Separation Processing.**
- Separation processing (retirement, transfers, deaths, etc).
- Maintenance of the Retirement Records.
- Offset advanced leave balances against final net pay at the current rate of pay.
- Offset debts against final net pay or unused annual leave.
- Maintenance of individual retirement data, including service history and fiscal history.
- Maintenance of separate records for military (post-1956) and civilian deposits.
- Reconciliation of retirement records (SF 2806, SF 3100).
13. **Employee Self-service.**
- GSA and its client agencies use EEX, which is an employee self-service system allowing GSA and payroll client agency employees direct access to their payroll information. This interface provides employees the ability to view, as well as change, their payroll data in an online real-time Internet based environment.
- Automated employment verification via TALX Corporation’s “The Work Number.”

14. **Accounting.**
- Accounting Distribution report listing each employee’s accounting classification code, earnings, benefits, and leave liability.
- Accounting data files.
- Worksheet to reconcile the accounting transactions to the Intra-governmental Payment and Collection System (IPAC) billing.
- Calculation of imputed financing costs for pension benefits by pay period.
- Calculation of leave liability balance by pay period.
- Calculation of bi-weekly accrual entries and quarterly commitments.
- Pay all salaries and government contributions to all appropriate benefit plans from its suspense funds. Using the Treasury IPAC, the GSA processes reimbursement for these charges on a biweekly basis against the appropriation of the ordering activity in accordance with the provisions of 31 U.S.C. 1535. GSA will provide appropriate detail in support of these charges each pay period.

15. **Payroll policy.**
- Monitor pay and leave changes to Federal law and regulations.
- Update the PAR system based on legislative and regulatory changes by the due dates.
- Communicate with clients on changes in payroll policy.
- Provide payroll policy advice.

16. **Systems support.**
- Provide system hosting via the PAR system, which is a server-based, on-line and real-time payroll system. The system is table-driven to facilitate real-time data updates and maintenance. PAR is accessible through the use of web-based Oracle forms.
- PAR meets various government standards and guidelines and has been certified and accredited in accordance with the Computer Security Act and other Federal Information Technology guiding practices and policies.
- PAR was developed in accordance with the Government Accountability Office’s (GAO) financial system requirements, the Federal Information Processing Standards (FIPS), and the JFIMP guidelines.
- Electronic media (tapes and other media) are stored in both an on-site access-controlled computer facility and in an off-site secure facility. Incremental backups
are made daily and cumulative backups made weekly and stored in an off-site tape vault.

17. **Continuity of Operations Plan (COOP).**
   - GSA has developed a COOP and a separate contingency plan in the event of a disaster or emergency. The COOP covers in detail the continuation of payroll services in the event of an emergency/disaster from onset through final termination. The contingency plan identifies potential situational events and the corrective action needed to operate given the particular situation. The COOP plan covers all operational aspects to include staffing requirements, equipment and space needs and critical reporting/salary payment requirements. The on-line support for GSA can be re-directed to a COOP site.
   - The COOP plan is tested and updated on a regular basis.
   - GSA has implemented a web-based solution that provides payroll operations staff the ability to perform their job functions off-site over the Internet in emergency situations. The staff currently has approximately 250 queries that they can run to print out payroll information; with web enablement, they are able to view the information through their web browser and can optionally print the information. As a backup to other contingency recovery plans, Treasury-formatted files can be produced which will pay all employees for a standard work schedule.
   - Support electronic storage, offsite access, and workflow routing of source documents using an Electronic Content Management (ECM) system.

**Number of employees serviced**

GSA provides full service payroll support to a variety of populations and special populations within the Federal government. GSA currently services approximately 24,027 employees.

**Number of client agencies**

Number of client agencies payrolled is approximately 40.

**Special populations serviced**

GSA can pay project personnel/pay band, Non-Federal and Quasi-Federal employees, and administratively determined employees. GSA provides payroll services for the following titles and pay authorities:

- United States Code (U.S.C.) Title 5;
- Government Accountability Office (GAO) Title 6;
- National Credit Union Administration (NCUA) (Pay banded, partial Title 5);
- DC Code II, Section 910 and 1725 – DC Courts (Pay only, Title 5 for benefits);
- Title 36 – Holocaust Museum (Donated Employees); and

GSA also services Law Enforcement employees, Presidential Transition Teams, all Former Presidents and Former Presidential staff.

**Description of outsourced services**

The GSA has contracted with EEX to provide W-2 Processing. EEX provides the following services to GSA:

1. Receive electronic W-2 file from GSA.
2. Provide employee’s electronic IRS Form W-2 access through the EEX website (www.employeexpress.gov).
3. Print, distribute and mail paper copies of IRS Form W-2.
4. Electronically store and provide access to corrected W-2 (IRS Form W-2C) processed by GSA and uploaded to the EEX website.

Reissued IRS Form W-2 available to employee and GSA through website. Also, provides a CD-ROM of Copy 2 of the IRS Form W-2 to GSA.
6.8 Appendix H: Industry Benchmark Narrative

The IBM Benchmarking Program is a member of the Open Standards Benchmarking Collaborative (OSBC). The program is facilitated by American Productivity and Quality Center (APQC), a not-for-profit organization with greater than 30 years’ experience in performance measurement. APQC’s internationally recognized Process Classification Framework (PCF) ensures accurate comparisons across industries and geographies. The PCF provides a clear and common definition for business processes and activities.

APQC’s Benchmarking Program conducts focused benchmarking studies yearly which have helped thousands of clients:

- **Establish a baseline;** measure and compare current performance with peer organizations
- **Identify sources of value creation;** identify performance gaps and improvement opportunities, and demonstrate how changing processes can create value
- **Estimate potential value;** determine appropriate performance targets, estimate the potential value to be realized, and support business cases for change
- **Identify best practices;** understand relationships between metrics and business drivers

The comparable industry benchmark that the HR LOB used for “Cycle Time in Days from Payroll System Cut-off until Payments are Transmitted and Certified with Treasury or DoD Disbursing Office” was “Cycle time in days from the payroll system cutoff date until payments are made.” Current payroll respondent breakout by region for this measure is:

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa and Middle East</td>
<td>0.0%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>11.3%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>10.8%</td>
</tr>
<tr>
<td>Europe</td>
<td>29.4%</td>
</tr>
<tr>
<td>U.S. and Canada</td>
<td>49.0%</td>
</tr>
</tbody>
</table>

Current payroll respondent breakout by major industry for “Cycle time in days from the payroll system cutoff date until payments are made” is:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.0%</td>
</tr>
<tr>
<td>Energy</td>
<td>8.8%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>14.9%</td>
</tr>
<tr>
<td>Government</td>
<td>8.8%</td>
</tr>
<tr>
<td>Information and Communications</td>
<td>8.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>36.6%</td>
</tr>
<tr>
<td>Retail and Wholesale</td>
<td>6.7%</td>
</tr>
<tr>
<td>Services</td>
<td>10.8%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>8.2%</td>
</tr>
</tbody>
</table>
The comparable industry benchmark that the HR LOB used for “Payroll Price per Employee Serviced” was “Total cost of the payroll processes per employee paid.” Current payroll respondent breakout by region for this measure is:

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa and Middle East</td>
<td>0.0%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>12.7%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>9.3%</td>
</tr>
<tr>
<td>Europe</td>
<td>29.7%</td>
</tr>
<tr>
<td>U.S. and Canada</td>
<td>51.7%</td>
</tr>
</tbody>
</table>

Current payroll respondent breakout by major industry for “Total cost of the payroll processes per employee paid” is:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.0%</td>
</tr>
<tr>
<td>Energy</td>
<td>11.9%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>20.3%</td>
</tr>
<tr>
<td>Government</td>
<td>11.0%</td>
</tr>
<tr>
<td>Information and Communications</td>
<td>12.7%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>16.1%</td>
</tr>
<tr>
<td>Retail and Wholesale</td>
<td>9.3%</td>
</tr>
<tr>
<td>Services</td>
<td>13.6%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

The comparable industry benchmark that the HR LOB used for “Payroll Provider Servicing Ratio” was “Number of employees paid per payroll processes FTE.” Current payroll respondent breakout by region for this measure is:

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa and Middle East</td>
<td>0.0%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>11.3%</td>
</tr>
<tr>
<td>Central and South America</td>
<td>11.3%</td>
</tr>
<tr>
<td>Europe</td>
<td>33.3%</td>
</tr>
<tr>
<td>U.S. and Canada</td>
<td>43.5%</td>
</tr>
</tbody>
</table>

Current payroll respondent breakout by major industry for “Number of employees paid per payroll processes FTE” is:

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>0.0%</td>
</tr>
<tr>
<td>Energy</td>
<td>8.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>16.1%</td>
</tr>
<tr>
<td>Government</td>
<td>10.2%</td>
</tr>
<tr>
<td>Information and Communications</td>
<td>8.1%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>34.9%</td>
</tr>
<tr>
<td>Retail and Wholesale</td>
<td>7.0%</td>
</tr>
<tr>
<td>Services</td>
<td>9.7%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>8.6%</td>
</tr>
</tbody>
</table>