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REF: EXE-024-25

Honorable Members of the City Council  
City of Los Angeles  
Room 395, City Hall  
Los Angeles, CA 90012

Attn: Personnel, Audits, and Hiring Committee

**SUBJECT: LOS ANGELES FIRE DEPARTMENT PAYROLL ISSUES RESULTING FROM NETWORK STAFFING SYSTEM (NSS) INTEGRATION WITH WORKDAY**

Pursuant to City Council Motion (McOsker/Hernandez), Council File No. 25-0073, the Information Technology Agency (ITA) and the Los Angeles Fire Department (LAFD) is submitting the following report regarding the need for LAFD Network Staffing System (NSS) replacement to improve historical LAFD payroll issues.

**BACKGROUND**

The Los Angeles Fire Department (LAFD) payroll issues described in recent Los Angeles City Council Personnel & Hiring Committee meetings come from several causes. First of all, the Los Angeles Fire Department has stated that their lack of staffing and human resources has limited their ability to process accurate and timely payroll. For example, the current Workday system provides error reports to LAFD payroll staff of potential employee pay issues prior to payroll processing. The inability of LAFD payroll staff to be able to apply time to review these reports and resolve these issues prior to payroll processing could allow an employee pay issue, requiring not just error resolution but potentially a retroactive payment requiring even more work. A proper level of LAFD payroll staff are required to effectively perform and support the payroll functions for these critical City employees. Second, LAFD payroll processes are complex and historical. Per LAFD, they have complex and legacy payroll processes built around their constant staffing model for 106 fire stations and special duty operations, a complex compensation plan and bonus structure to support the full range of public safety services provided by the department, and other considerations that complicate effective payroll processing. Key Workday & Accenture process improvement observations for LAFD are listed later in this report (see LAFD Process Improvements section).

Third, the legacy Network Staffing System (NSS) is used internally by LAFD for a variety of internal department functions, including Scheduling, Calendar, Job Assignments, etc. This would not affect LAFD employee pay if it were not also for the fact that key human resources and payroll functions are also included in the NSS system that hinder accurate Workday payroll processing. For example, LAFD skills and certifications are an essential part of compensation for LAFD firefighters. Possession of a specific certification results in a MOU-mandated bonus. If this information is maintained in Workday, then the system can automatically include the bonus in the employee's pay. However, this information is currently maintained by LAFD in the NSS system

which does not have automated system functionality to include this in compensation. The bulk of this report is to address this third item (NSS features and functionality).

The Information Technology Agency and the Los Angeles Fire Department have been requested by the Personnel & Hiring Committee to detail what additional technology is needed to assist LAFD payroll issues, what features could be included in Workday, the timeline and cost of these Workday enhancements, and the additional internal capabilities (e.g. Scheduling, Calendar, etc) that LAFD can get with an additional 3rd party software.

### **LAFD PAYROLL ISSUES COMING FROM NSS & WORKDAY INTEGRATION**

The following is a summary of key issues coming from the dual system approach to LAFD payroll processes (NSS to Workday integration).

#### *1. NSS Pay Rates Differ from Workday*

- a. Issue Description - The NSS system currently sends pay rate information to the Workday system. However, NSS pay rates are not always current or accurate. In addition, Workday automation requires accurate pay rate information in Workday to reduce manual entry by LAFD.
- b. Issue Solution - Like other City departments, pay rates should be managed directly in Workday to take advantage of automation and ensure accurate pay to LAFD employees.

#### *2. LAFD Skills & Certifications Managed in NSS, Not Available to Workday System*

- a. Issue Description - LAFD skills and certifications are an essential part of LAFD compensation. This information is mostly managed by LAFD legacy systems, but is not maintained in Workday. Workday allowance plans provide automated bonus compensation if this information is available in the City's payroll system of record.
- b. Issue Solution - LAFD to maintain accurate skills, certificates, and licenses in Workday in a timely manner to ensure LAFD employees receive accurate and timely bonus compensation. If implemented, this will also reduce manual retro payments from LAFD payroll staff.

#### *3. Workday Not Provided Accurate Vacation, Sick, and Absence Accruals/Balances*

- a. Issue Description - Absence requests are entered in NSS without the proper validations against the balances in Workday which can lead to overpayment to members who have exhausted the sick time balance or cause other pay inaccuracies due to the mismatched balances.
- b. Issue Solution - Maintain Workday as the system of record for all absence tracking including vacation and sick balances.

*4. LAFD Needs to Enter Timely & Accurate Time Information/Special Events*

- a. Issue Description - Payroll corrections are needed regularly due to incorrect and/or late transactions that need to be processed with a retroactive change.
- b. Issue Solution - Implement time tracking in Workday for the Fire sworn members to ensure that all time data is collected, validated, and calculated correctly based on a single set of rules. This will reduce errors in pay calculations and simplify payroll processes. Workday time tracking can be configured to identify special events and be associated with payroll costs and reporting.

*5. LAFD Employees Need Direct Visibility of Accurate HR and Payroll Data in Workday*

- a. Issue Description - Employee data is fragmented and spread across multiple systems. There is no single point of reference for data review and error resolution.
- b. Issue Solution - Replace NSS with a modern scheduling system which integrates bidirectionally with Workday, eliminating mismatched data between systems or provide direct Workday access to Sworn LAFD employees.

**WORKDAY RECOMMENDATIONS FOR LAFD PAYROLL IMPROVEMENTS**

- 1. Move All Human Resource Information into Workday - Shift all Human Capital Management (HCM) data into Workday, which can act as the centralized source of truth for employee data. This would eliminate silos and ensure seamless integration with other systems.
- 2. Modernize LAFD Time Tracking - Implement Workday's time tracking system to ensure all time data is collected, validated, and calculated correctly based on a single set of rules. This will reduce current errors in pay calculations and simplify current LAFD payroll processes.
- 3. Utilize Workday Self-Service for LAFD Employees - Leverage Workday's self-service capabilities to give employees direct visibility into their own data, including pay rates, balances, and time reported. By empowering employees to access and understand their information, LAFD employees would have full transparency into their paychecks. This will help maintain trust with LAFD employees and allow easy opportunities for LAFD employees to identify any discrepancies, such as incorrect pay rates or exceeding accrual balances. This transparency will reduce confusion among LAFD staff and improve employee satisfaction for these critical City workers.

Furthermore, to increase timesheet accuracy, reduce errors, and improve payroll processing efficiency, the LAFD should consider future options that would allow sworn members to enter their time and absence directly into Workday via Employee Self-Service.

- 4. LAFD PROCESS IMPROVEMENT: Process Employee Changes Before Effective Date - Due to LAFD's promotion process for sworn employees starting at the stations then being

processed centrally after the fact, LAFD sworn promotions and raises are nearly always processed after their effective date, meaning not only are sworn members delayed the increased compensation but HR and Payroll staff need to spend additional time processing retros, compounding their resource constraints. LAFD should explore ways to process these changes on or before the effective date of the employee change.

5. LAFD PROCESS IMPROVEMENT: Adjust LAFD Payroll Review Timeline - LAFD sworn time does not get sent to Workday for payroll staff to begin reviewing until 12PM Monday of payroll week, giving the payroll team less than 3 days to review and make any corrections for all sworn members. LAFD should explore options for sending the files earlier or allowing payroll to review and correct the source data before it comes to Workday
6. Workday Recommends LAFD to Strongly Consider a New 3rd Party Solution to Replace the NSS System Specifically for LAFD Scheduling and Other Non-Payroll Requirements

#### **TIMELINE OF LAFD PAYROLL & TIME TRACKING ENHANCEMENTS IN WORKDAY**

The Workday team requires 4 weeks of detailed discussions with LAFD to fully scope the timeline and cost of the Workday recommendations listed above. While additional discussions and planning is required, the Workday recommended items could be implemented in approximately 6-8 months if approved.

#### **LAFD REQUIREMENTS FOR ADDITIONAL SOFTWARE FOR INTERNAL OPERATIONS**

In addition to Workday enhancements that could further assist LAFD, the following are key requirements provided by LAFD for Network Scheduling System (NSS) replacement not directly related to payroll processing:

- A system to track LAFD sworn employee schedules and daily rosters at each work location. This includes managing staff assigned to a platoon vs special duty.
- A system for LAFD sworn to make themselves available for voluntary overtime and to select the proper employee for voluntary/involuntary overtime based on established work rules.
- A system to notify LAFD sworn employees when they are selected to work overtime.
- Annual Vacation Bidding Process
- Internal Transfer Bidding Process

#### **LAFD RECOMMENDATIONS FOR TIME TRACKING & SCHEDULING**

In order to optimize LAFD's payroll accuracy and efficiency, the following recommendations are proposed:

- 1) Evaluation of Time Tracking Solutions
  - a) Conduct a comparative analysis ("bakeoff") between Workday and a third-party software solution to determine the most effective time-tracking and scheduling solution.
  - b) Ensure that the selected solution aligns with LAFD's operational needs while utilizing Workday as the final output system for payroll processing and system of record.

- c)
- 2) Network Staffing System (NSS) Replacement as a Major Project
  - a) Classify the replacement of NSS as a major organizational initiative, requiring appropriate resource allocation for organizational change management and implementation support.
  - b) Assess the full scope of impact to ensure a smooth transition and minimal disruption to LAFD operations.
- 3) Human Capital System Evaluation
  - a) Conduct further analysis to determine the feasibility of moving functions from LAFD's Human Capital system into Workday or a third party solution.
  - b) Identify potential efficiencies and integrations that could enhance workforce management and operational effectiveness.

## **RECOMMENDATIONS**

1. The ITA recommends that Council approve the 'Workday Recommendations for LAFD Payroll Improvements' as outlined in this report and instruct the LAFD and ITA to report back on the fiscal impact of these recommendations.

## **FISCAL IMPACT:**

The fiscal impact of these recommendations is unknown at this time.

Respectfully Submitted,



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