



## KING COUNTY AUDITOR'S OFFICE

DECEMBER 13, 2022

# Temporary Employees: Gaps in Monitoring Left Some Benefits Unpaid

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### Executive Summary

King County agencies owe payments in lieu of benefits to temporary employees who meet certain criteria, but agencies did not pay more than one-third of employees eligible in 2020, in violation of county code. After the Department of Human Resources (DHR) conducted an annual review to find missed payments, 34 confirmed and likely eligible employees still had not received "back-benefits," which had a median value of \$5,800 per person. Incomplete recordkeeping, a lack of verification, and unreliable data tools contributed to these outcomes. We recommend that DHR ensure all eligible employees receive correct payments by keeping complete records, improving data reliability, and proactively informing employees about eligibility.



**King County**

## Acknowledgment

**We would like to acknowledge the Department of Human Resources (DHR) for its open collaboration and dedication to continuous improvement.** DHR joined regular meetings and provided access to its data systems, policies, and records. The department was receptive to preliminary findings, which we shared during the audit, and proactively improved its process for the annual review starting in fall 2022. As a result, before we had even published the audit, DHR had made progress toward implementing our recommendations.

**We would also like to acknowledge the Business Resource Center in the Department of Executive Services.** Its staff helped us understand the nature of the technical problems affecting the annual review process and were advocates of positive change.

# Temporary Employees: Gaps in Monitoring Left Some Benefits Unpaid

## REPORT HIGHLIGHTS

### What We Found

King County agencies did not pay more than one-third of employees eligible for back-benefits in 2020. Nonpayment affects employees financially and may increase the County's risk of legal liability. The Department of Human Resources (DHR) does an annual review to find eligible employees and process agency-approved payments. For DHR's 2021 review, we checked whether payments took place and if they were in the correct amounts. We found that only 41 of between 61 and 75 employees eligible in 2020 received payments. In terms of accuracy, we found a 16 percent error rate, resulting in 15 of 95 employees being under- or overpaid from 2020 to September 2022. Since only about 3 percent of short-term temporary (STT) employees earn back-benefits, the County has placed limited attention on the process in recent years. Incomplete recordkeeping, a lack of payment verification, unreliable tools, and gaps in training contributed to inaccurate payments. In addition, delays of annual oversight meetings and after-the-fact notifications to employees reduced accountability. The annual review for eligible employees has been in place since 1999 but has not kept in step with organizational and technical changes over the last 10 years.

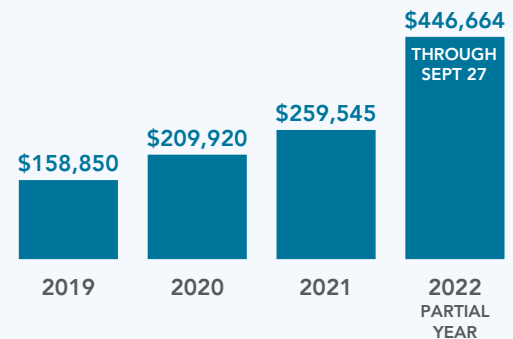
### What We Recommend

We recommend that the DHR take steps to ensure that all eligible employees receive correct back-benefits payments. We also recommend that DHR keep clear eligibility and payment records to improve transparency and accountability. In partnership with the Business Resource Center, DHR should also improve data reliability for its annual review of temporary employees. Earlier review timelines, better training tools, and employee notifications would also increase efficiency and effectiveness of the process.

### Why This Audit Is Important

Temporary employment can offer flexible and mutually beneficial opportunities to employees and county agencies. However, overreliance on temporary employees can create compliance issues and affect performance and morale. For example, STT employees do not typically receive benefits, but they may become eligible for pay in lieu of benefits during employment. As a result, DHR annually reviews the County's use of temporary employees, including checking for back-benefits eligibility. King County created term-limited temporary posts in the late 1990s, after a \$24 million settlement related to unpaid benefits.

Back-benefits more than doubled between 2019 and 2022.



# Temporary Employees: Gaps in Monitoring Left Some Benefits Unpaid

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# Temporary Employees at King County

## SECTION SUMMARY

**Four percent of county staff are in short-term temporary positions which typically do not offer leave, insurance, or transportation benefits.** Short-term temporary (STT) positions allow the County to take on less predictable seasonal and short-term work. While STT employees are typically ineligible for benefits, they may become eligible for payments in lieu of benefits (i.e., back-benefits) in two ways: first, if their work exceeds the hour limitations for this classification in one year; and second, if they work in a similar term-limited post without a six-month break between the roles. Back-benefits payments more than doubled between 2019 and 2022, as per person payouts increased. The median per person payment rose to almost \$8,000 in the period from 2021 through the first nine months of 2022, from \$3,000 in 2019 and 2020 combined. The Department of Human Resources (DHR) conducts an annual review to check for misuse of temporary employees—i.e., using them for ongoing work—and to find employees eligible for back-benefits.<sup>1</sup> This section defines key concepts related to temporary employees discussed in the next section of this report.

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### ? What are temporary employees?

**This audit uses temporary employees as a blanket term for county employees in term-limited temporary and short-term temporary positions.**<sup>2</sup> The main differences between temporary and career service positions are job security, term limits, and benefits (see exhibit A). The County may terminate temporary employees without cause. STT posts are usually less than six months or half time, while term-limited temporary (TLT) posts have term limits of up to three or five years. In contrast, career service employees have ongoing and stable bodies of work. TLT positions offer similar benefits to career service employees, while STT positions are typically ineligible for benefits.<sup>3</sup>

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<sup>1</sup> King County Code 3.12A.030 describes the annual review.

<sup>2</sup> STT and TLT staff are part of a group of employees known as contingent workers, which also includes interns and contractors, among others. For simplicity, we do not use the term contingent workers in our report.

<sup>3</sup> STT employees may be eligible for medical benefits under the Affordable Care Act if they work at least 30 hours per week.

EXHIBIT A: Temporary employees have less job security, fewer benefits.

Condition	Career Service	Term-Limited Temporary	Short-Term Temporary
Ongoing, stable, predictable body of work	X		
Benefits-eligible	X	X	
Termination may occur without cause or notice		X	X
Term-limited		X (3 or 5 years)	X (6 months or half time)

Source: King County Auditor’s Office analysis

**? How many temporary employees are there?**

**Temporary employees accounted for 11 percent of King County’s 16,947 employees in 2021.** That year, county staff included 687 STT positions (4 percent) and 1,151 TLT positions (7 percent). King County Elections had the highest percentage of STT staff (75 percent) due to large seasonal surges in employment to support elections. The Department of Community and Human Services (DCHS) (26 percent), Public Health – Seattle & King County (14 percent), and Department of Natural Resources and Parks (DNRP) (13 percent) also had sizable numbers of STT staff.

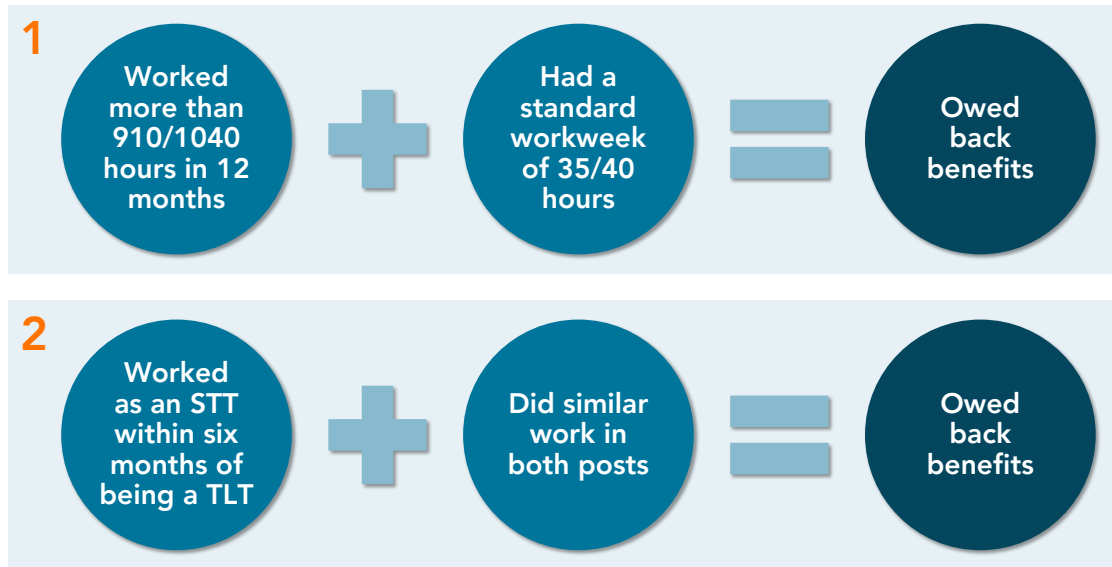
**? Why hire temporary employees?**

**Temporary employees allow the County to do less predictable, seasonal, and short-term work.** For example, TLT staff may work on grant-funded assignments, capital projects, new IT systems, pilot programs, or backfill for employees who go on leave. Seasonal projects assigned to STT staff may include ballot processing or summer park maintenance.

**? What are back-benefits?**

**Back-benefits are payments in lieu of benefits made to people who meet certain criteria while working as an STT employee.** Depending on the individual’s eligibility, back-benefits could be compensation for leave, insurance, and/or transportation benefits. King County may owe back-benefits in two scenarios: 1) an agency allows an STT employee to work more than a certain number of hours over a 12-month period (the cap is 910 hours for positions with 35-hour work weeks, or 1,040 hours for those with 40-hour work weeks), or 2) an agency hires an employee back-to-back into a STT post and then a TLT post (or vice versa) with similar duties and there is a break in service of less than six months (See exhibit B, below.)

EXHIBIT B: Short-term temporary (STT) employees may be eligible for benefits in two scenarios.



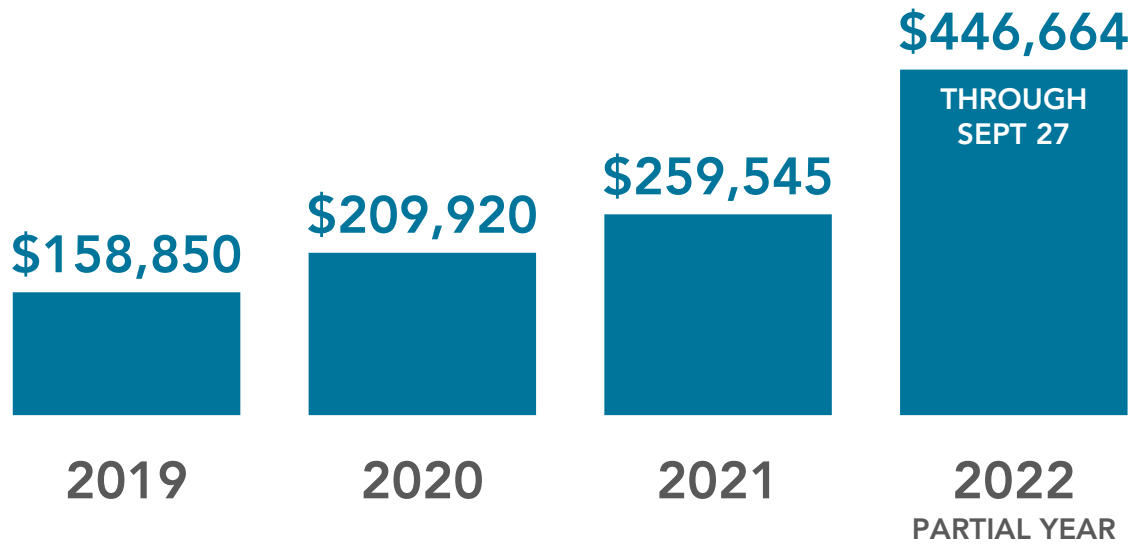
Note: TLT stands for term-limited temporary employee.

Source: King County Auditor's Office analysis

**? How much are people paid in lieu of benefits?**

**The median per person back-benefits payment rose to almost \$8,000 in the period from 2021 through the first nine months of 2022, from \$3,000 in 2019 and 2020 combined.** Individual payments are based on the number of hours an employee works and their pay rate. Employees can earn 15 percent of their wages in leave benefits and about \$9.00 per hour in bus subsidies and insurance benefits combined. The two highest payouts occurred in 2022, at about \$37,000 and \$66,000, respectively. In both cases, the agency hired an STT to work the same job for more than four years. This went unnoticed until the employees moved into a TLT role or exceeded the hours cap, which are changes DHR flags in its annual review.

EXHIBIT C: Back-benefits payments increased significantly in 2022.



Source: King County Auditor’s Office analysis of payroll data

**County code requires back-benefits payments to cover an employee’s entire tenure in the eligible STT role.**<sup>4</sup> That means that if an employee is eligible for back-benefits because they worked over the hours threshold, they receive back-benefits for all of the hours they worked in that STT position, not only the hours over the cap. For this reason, monitoring STT terms can allow for future cost savings by allowing agencies to make use of TLT or career service roles sooner to avoid significant one-time back-benefits payouts. Since 2019, four county agencies have paid out 85 percent of all back-benefits: Public Health – Seattle & King County, DCHS, DNRP, and Department of Executive Services (DES) (see exhibit D). STT positions account for more than 10 percent of agency staff at all these agencies, except for DES, for which STT staff accounted for only 3 percent of employees. STT staff accounted for 4 percent of the County’s total employees in 2021.

<sup>4</sup> King County Code 3.12.040 states that back-benefits will be paid retroactive to the first hour worked until termination or hire into a benefited position.



EXHIBIT D: Four agencies accounted for most back-benefits payments.

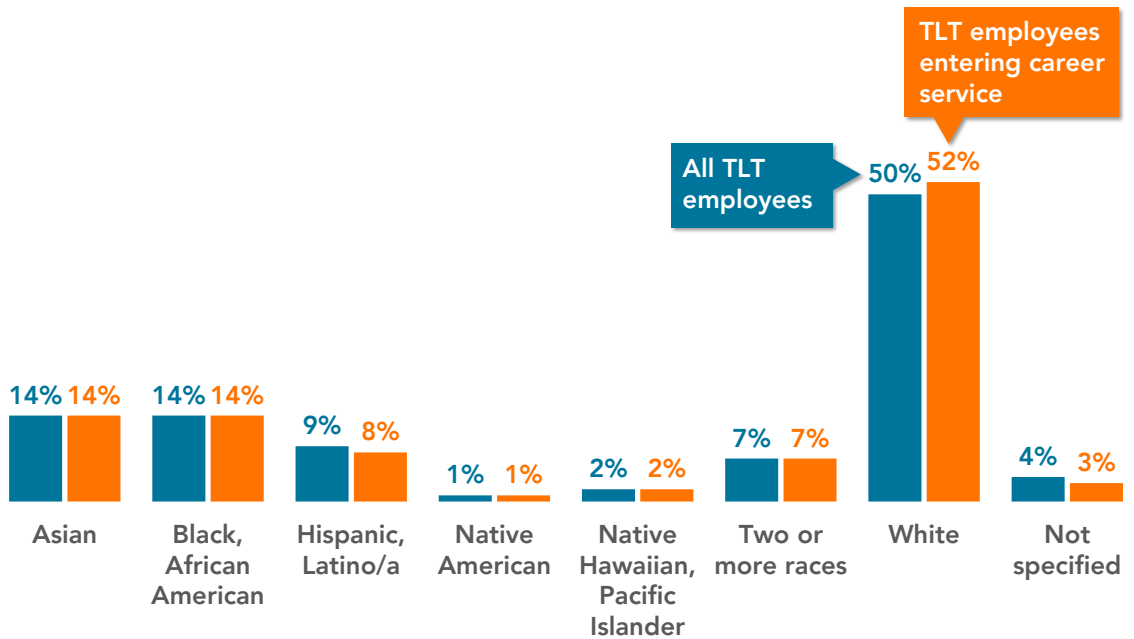


Note: Data is for 2019 through September 27, 2022.  
 Source: King County Auditor’s Office analysis of payroll data

**? Do temporary employees enter career service?**

**King County hired nearly one-third of employees who had at least one earlier TLT post into regular career service jobs.** Thirty-two percent (1,064) of all TLT employees (3,370) who worked at the County at some point between 2017 and 2021, later became career service employees. The largest proportions of TLT employees entering career service were in DNRP (18 percent), Metro Transit (18 percent), and Public Health – Seattle & King County (16 percent). We did not find statistically significant differences between the racial makeup of all TLT employees and those who enter career service (see exhibit E).

EXHIBIT E: Racial disparities not found in term-limited temporary (TLT) employees getting career service posts.



Note: We compared all employees who served as TLT staff at any point between 2017 and 2021 (in blue, 3,370 people) to employees who served first in a TLT role and then in a career service role between 2017 and 2021 (in orange, 1,064 people). Differences in racial makeup are not statistically significant.

Source: King County Auditor’s Office analysis of human resources data



## Back-Benefits Unpaid After Internal Review

### SECTION SUMMARY

**King County agencies did not pay back-benefits to more than a third of employees eligible in 2020, lowering compensation in violation of county code.** DHR does an annual review to find missing payments, and processes approved payments through its payroll arm. We analyzed human resources data to find missed payments and to see whether DHR identified them in its 2021 review. We also checked back-benefits forms sent to Payroll between 2020 and 2022 to see whether payments were in the correct amount. We found a 16 percent error rate, leading to under- and overpayments for 15 of 95 employees. Limited transparency, a lack of training, delays in oversight, and unreliable tools contributed to these conditions. We recommend ways to increase the accuracy of back-benefits payments, to increase the efficiency and effectiveness of the annual review, and to improve training and guidance for county staff.

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### Dozens left without back-benefits payments

**Most STT staff are not eligible for benefits,<sup>5</sup> but King County did not pay as many as 45 percent of those who were eligible, lowering employee earnings and violating county code.** We estimate that 33 to 45 percent of employees eligible for back-benefits in 2020 did not receive payments. The County paid back-benefits to 41 employees but may have owed them to as many as 75 employees.<sup>6</sup> This is because after we flagged employees for potential eligibility, agencies confirmed that 20 (or 74 percent of those we flagged) were indeed eligible.<sup>7</sup> We then identified another 19 employees who might have been eligible. If a similar proportion of these employees were indeed eligible, another 14 employees may have been eligible for back-benefits in 2020.<sup>8</sup> Based on the median per person cost, back-benefits payments for 34 employees could cost about \$200,000.<sup>9</sup> Correct benefits payments are important for employees, who can earn more than 15 percent of their wages in back-benefits. Nonpayment can also create liability for the County, including double damages or attorney's fees within the three-year statute of limitations.

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<sup>5</sup> The County employed 2,306 STT employees in 2020, the year covered in the 2021 review. The same year, we estimate 75 employees were eligible for back-benefits.

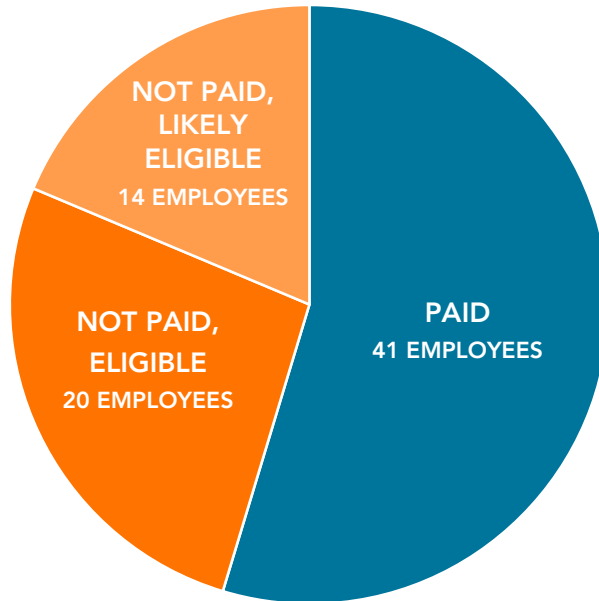
<sup>6</sup> As described below, the 75 employees include the 41 paid, 20 not paid and confirmed eligible, and the 14 not paid and potentially eligible.

<sup>7</sup> Adding the 20 owed to the 41 paid brings us to 20 out of 61 unpaid, or 33 percent unpaid.

<sup>8</sup> Adding the 14 potentially owed to the 20 owed and the 41 paid, brings us to 34 out of 75 unpaid, or 45 percent unpaid.

<sup>9</sup> The median per person cost of back-benefits for people eligible in 2020 was \$5,779.33.

EXHIBIT F: In 2021, King County left 33 to 45 percent of eligible employees with unpaid back-benefits.



Source: King County Auditor’s Office analysis of county human resources and payroll data

**We found similar instances of potential nonpayment in prior years that could increase the scale of the problem.** We estimate that 40 percent of eligible employees, or 42 people, went unpaid for back-benefits in 2018 and 2019, combined. Among these were employees working 35-hour workweeks, who have a lower threshold to become eligible for back-benefits. DHR had not checked back-benefits eligibility for those exceeding the 910-hour threshold as part of its annual review since 2018.<sup>10</sup> In summary, we found that the County has not paid back-benefits to a substantial number of eligible employees.

**Next, we will discuss the reasons for missed payments and the extent to which processed payments were correct.** Among the issues we will discuss are lack of verification, limited notification and training, inefficient tools, delayed oversight, and outdated policies and procedures.

<sup>10</sup> We found 23 employees who exceeded this threshold between 2018 to 2020. DHR reported that it checked for the 910-hour threshold in the annual review it conducted in the fall of 2022 because of our audit.

Payments not verified

**DHR did not verify that checks were issued to eligible employees, resulting in 10 instances of nonpayment in 2021.** DHR’s Classification and Compensation Service (CCS) team flagged these 10 employees in its 2021 annual review and sent their names to county agencies to confirm eligibility. From there, the process is for agencies to fill out and sign a form calculating how much each eligible employee is due in back-benefits (see exhibit G). Agencies then send the form back to DHR for four other signatures. CCS gets the form first, then sends it to Benefits, then to Retirement, and finally to Payroll for processing. The chain of communication broke down before the form made it to Payroll in several cases. Nonpayment can create liability for King County, including double damages or attorney’s fees within the three-year statute of limitations.

EXHIBIT G: Back-benefits payments may go unpaid if agencies, DHR do not forward paperwork.



Note: CCS is the Department of Human Resources’ (DHR) Classification and Compensation Service group. Benefits, Retirement, and Payroll are separate groups within DHR.

Source: King County Auditor’s Office analysis of county human resources data

**Recommendation 1**

**The Department of Human Resources should compare eligibility records and payment records for prior years, within the three-year statute of limitations, to ensure accurate payment.**

**DHR did not keep a single, complete list of people who were eligible for and received paid back-benefits, making monitoring difficult.** DHR keeps lists of flagged employees by agency, year, and issue type—i.e., either excess hours or back-to-back employment—in separate emails and spreadsheets. As a result, it is time-consuming to compile a single list of eligible employees. Moreover, because not all flagged employees are eligible, DHR’s multiple lists include employees who do not need further action. If DHR kept a single list and updated it with agency responses, it could create a comprehensive list of eligible employees for later verification as well as cost projections. Part of the reason DHR has not done this is because the purpose of the annual review is to ensure that temporary employees are not employed in lieu of career service employees to do ongoing work. Back-benefits payments are only a “byproduct” of the process, DHR said.

## Recommendation 2

**The Department of Human Resources should keep a single, complete list of employees eligible for back-benefits as part of the annual review described in King County Code 3.12A.030.**

**Similarly, DHR had not developed an efficient way to pull a complete list of employees who received back-benefits payments, making verification difficult.**

Agencies relied on payroll contacts to search pay stubs for relevant earnings. However, working with a DHR employee, we were able to build a tool to pull this information more quickly. By comparing comprehensive lists of those eligible and those paid, DHR can easily verify payments to reduce missed transactions.

## Recommendation 3

**The Department of Human Resources should develop and implement an efficient way to pull complete records of employees who received back-benefits payments and compare these to eligibility records to ensure payment as part of the annual review described in King County Code 3.12A.030.**

Payment errors hit more than a dozen employees

**DHR did not follow its protocols for verifying payment amounts, resulting in a 16 percent error rate from 2020 to 2022 and 15 employees receiving the wrong amounts of back-benefits.** King County overpaid 12 employees by a total of about \$8,000 and underpaid three employees by a total of about \$13,000. Most errors (11 of 15) were for employees who became eligible in 2020. Under state law and county policy, the County must notify employees of the cause and amount of overpayment as soon as possible and recover the overage.<sup>11</sup> For underpayments, county practice is to pay the outstanding amount as soon as possible.

**In most cases, Payroll issued checks for amounts different than shown on the form signed by the five agencies and divisions involved** (see exhibit G, above).

None of the forms included comments explaining the difference; however, our analysis shows that most errors were related to inconsistent calculations of sick leave benefits. While agencies first calculate the amount due, CCS and Benefits check the math and attest to their review. Payroll is only meant to sign off that it issued the payment, not update the amount due. Changing numbers on forms signed by other parties negates the purpose of multi-party review and reduces clarity about the source of any errors. CCS revises the form annually but noted that there is no communication with Payroll and others to discuss the content of the revisions. One recent revision involved updates to sick leave benefits, which related to payment errors discussed above.

<sup>11</sup> State law on notice of overpayment is RCW 49.48.210. For terminated employees, county policy is to use every reasonable effort, including collections agencies, to collect overpayment.

**In its costliest decisions, King County also paid employees back-benefits beyond the state’s three-year statute of limitations.** The two employees with the highest payments on record, both made in 2022, received back-benefits for four and seven years, respectively. Under state law, the County only needs to pay for up to three years.<sup>12</sup> The County’s decision to pay back-benefits for an employee’s full term, regardless of the state statute of limitations, cost the county \$56,000 during the period.

#### Recommendation 4

**The Department of Human Resources should review back-benefits forms and payment records to identify under- and overpayments within the three-year statute of limitations.**

#### Recommendation 5

**The Department of Human Resources should correct payment errors by 1) notifying employees when it finds that King County overpaid them in back-benefits and recovering overpayments in-line with county policy and RCW 49.48.210, and 2) paying employees in a timely manner when it finds that the County underpaid them in back-benefits.**

#### Recommendation 6

**The Department of Human Resources should ensure that all internal stakeholders who review and sign the back-benefits form are aware of material updates to the form to ensure correct payment and recordkeeping.**

Employee notifications too late

**King County does not notify STT employees that they may become eligible for back-benefits, limiting accountability for correct payments.** Hire letters sent to STT employees include the employee’s standard workweek and hours cap (the 910- or 1040-hour thresholds). In addition, they note that STT staff exceeding the hours cap may appeal to have their position converted to career service. These letters do not say that those exceeding the hours cap may be eligible for back-benefit payments, which happen more often than appeals. Increasing employee awareness about eligibility criteria and benefits calculations would create an external oversight body in the employees themselves, who have a direct stake in accurate payments.

#### Recommendation 7

**The Department of Human Resources should proactively inform short-term temporary employees of their right to back-benefits to promote correct and prompt payment.**

<sup>12</sup> RCW 49.48.083

Training limited

**Agency human resources (HR) managers were unaware of back-benefits policies, contributing to missed and incorrect payments.** We found agency HR managers who were unfamiliar with STT hours thresholds, rules about payment responsibility, and how to pay back-benefits. A presentation made to the Career Service Review Committee (CSRC) in 2021 noted the need for training, but DHR does not offer regular, in-depth training on back-benefits. Because the use of temporary employees varies by agency, awareness of policy and practice also varies. For example, at DNRP, which has a sizable number of STT positions, HR analysts monitor STT hours every pay period to check for back-benefits eligibility. Their regular reviews, which also include monitoring TLT employees, allowed DNRP to inform DHR in 2021 that its STT hours tool was not working properly. We discuss tools in more detail below.

**Recommendation 8**

**The Department of Human Resources should develop and regularly offer practical training on back-benefits eligibility and payment processes to all relevant county employees.**

Tools unreliable, inefficient

**The tools DHR uses for the annual review produce complicated and unreliable results, creating inefficiencies and contributing to missed payments.** To conduct the annual review, DHR relies on data extracts that require significant manual effort. In total, the data analyst reported spending about 150 hours on the review each year, or about one month of full-time work. In addition, one of the main data tools, which shows the number of hours an STT works, is out of date, causing it to miss relevant hours and thus omit a segment of STT employees who exceed the hours thresholds. In 2020 and 2021, DHR informed the Business Resource Center (BRC), which manages updates to the HR system, that the tool was not up to date, and as of writing, BRC had not fixed or replaced the tool.

**BRC meets with DHR multiple times a year to prioritize technology fixes, but the annual review has not been a focus of these meetings, despite ongoing issues.** Staff we talked to at both BRC and DHR said that existing tools may not be well-suited to the annual review. This is because other tools available through BRC produce more reliable results.

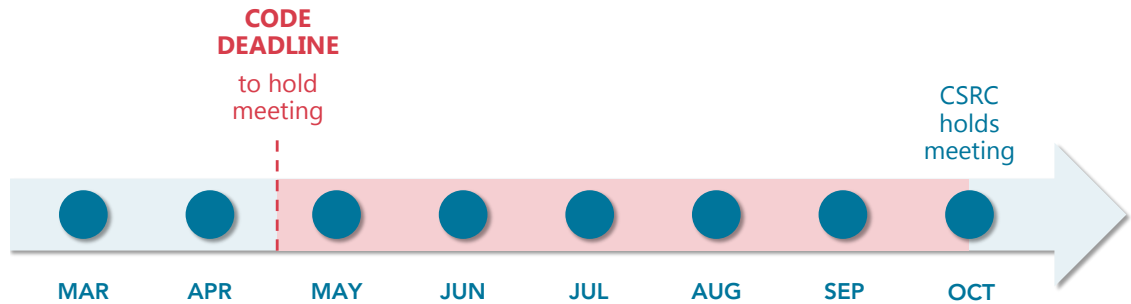
**Recommendation 9**

**The Department of Human Resources should work with the Business Resource Center to make technical improvements to the annual review, described in King County Code 3.12A.030, to increase data reliability and efficiency.**

Oversight meetings delayed

The CSRC has met in the fall every year since 2019, delaying oversight and back-benefits checks for months. County code directs the CSRC to meet no later than April 30 each year (see exhibit H). DHR reports the data it collects in the annual review to the CSRC.<sup>13</sup> The role of the CSRC is to ensure compliance with county policy on temporary employees. Because DHR times its review based on the CSRC meeting, the later the meeting occurs in the year, the later DHR works with agencies to determine back-benefits eligibility and process payments. Fall timeframes can also overlap with the timing of performance reviews and budget development. This overlap limits attention on the review and reduces the ability for agencies to use relevant findings in staffing plans that relate to performance reviews and budgeting. Having better tools to conduct the analysis, as discussed above, could increase efficiency, making it easier to meet the existing deadline.

EXHIBIT H: Career Service Review Committee meetings happen late, delaying oversight.



Note: King County Code 3.12A.030 says the committee shall make its determinations within 60 days of March 1.  
 Source: King County Auditor’s Office analysis

Recommendation 10

The Career Service Review Committee should meet every calendar year before April 30, in-line with King County Code 3.12A.030.

Guidance outdated

DHR has not updated its annual review and back-benefits guidance, namely the Contingent Worker’s Manual, since 2014, limiting its value. At the time of our audit, the manual did not reflect current practice such as the timing of the review (as discussed above), the entities conducting the review, and the locations of the current back-benefits form and other resources, such as how to calculate back-benefits. Agency HR managers suggested that updates to the manual could improve clarity. Much of the manual is exact policy language, with less focus on internal monitoring processes and why monitoring matters. DHR said that it has no plans to update the manual but that it intends to propose revisions to the chapter of county code that forms the basis of the CSRC.

<sup>13</sup> The members of the CSRC are the directors (or their designees) of DHR, the Department of Executive Services (as designee of the County Executive), and the Office of Policy, Strategy and Budget.



## Recommendation 11

**The Department of Human Resources should update guidance on temporary employees so that it is user-friendly, aligns with current practice and county policy, and supports prompt and correct back-benefits payments.**

### Conclusion

DHR's annual review of temporary employees has been running since King County added it to code in 1999, following a \$24 million settlement related to unpaid benefits. Since then, organizational changes and distance from the heavy financial penalties that brought rise to the process has reduced time and attention on the review. As a result, the annual review may leave 33 to 45 percent of employees who are eligible for back-benefits unpaid and send the wrong amounts to more than 15 percent of those paid. Delays in oversight, unreliable and inefficient queries, and a lack of training are all signs that the annual review has room for improvement. Our recommendations aim to increase efficiency and effectiveness and pay employees the monies they are due.

# Executive Response

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## Recommendation 1

The Department of Human Resources should compare eligibility records and payment records for prior years, within the three-year statute of limitations, to ensure accurate payment.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q2 2023
Responsible agency	DHR
Comment	

## Recommendation 2

The Department of Human Resources should keep a single, complete list of employees eligible for back-benefits as part of the annual review described in King County Code 3.12A.030.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Practice already adopted
Responsible agency	DHR
Comment	

## Recommendation 3

The Department of Human Resources should develop and implement an efficient way to pull complete records of employees who received back-benefits payments and compare these to eligibility records to ensure payment as part of the annual review described in King County Code 3.12A.030.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q2 2023
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 4

The Department of Human Resources should review back-benefits forms and payment records to identify under- and overpayments within the three-year statute of limitations.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q3 2023
Responsible agency	DHR
Comment	

## Recommendation 5

The Department of Human Resources should correct payment errors by 1) notifying employees when it finds that King County overpaid them in back-benefits and recovering overpayments in-line with county policy and RCW 49.48.210, and 2) paying employees in a timely manner when it finds that the County underpaid them in back-benefits.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Implementation in progress
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 6

The Department of Human Resources should ensure that all internal stakeholders who review and sign the back-benefits form are aware of material updates to the form to ensure correct payment and recordkeeping.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Practice already implemented
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 7

The Department of Human Resources should proactively inform short-term temporary employees of their right to back-benefits to promote correct and prompt payment.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q2 2023
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 8

The Department of Human Resources should develop and regularly offer practical training on back-benefits eligibility and payment processes to all relevant county employees.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q3 2023
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 9

The Department of Human Resources should work with the Business Resource Center to make technical improvements to the annual review, described in King County Code 3.12A.030, to increase data reliability and efficiency.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q3 2023
Responsible agency	<b>DHR</b>
Comment	

## Recommendation 10

The Career Service Review Committee should meet every calendar year before April 30, in-line with King County Code 3.12A.030.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Already implemented
Responsible agency	<b>DHR</b>
Comment	2023 meeting scheduled for April 28, 2023

## Recommendation 11

The Department of Human Resources should update guidance on temporary employees so that it is user-friendly, aligns with current practice and county policy, and supports prompt and correct back-benefits payments.

Agency Response	
Concurrence	<b>CONCUR</b>
Implementation date	Q4 2023
Responsible agency	<b>DHR</b>
Comment	



# Statement of Compliance, Scope, Objective & Methodology

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## Statement of Compliance with Government Auditing Standards

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Scope of Work on Internal Controls

This audit focused on internal controls used to ensure that eligible short-term temporary (STT) employees received correct back-benefits payments. As part of this work, we reviewed the design and implementation of control activities used in the Department of Human Resources' (DHR) annual review of temporary employees. We also reviewed the quality of information used in the review and how information technology systems were set up to provide that information. In addition, we looked at how training and monitoring activities contributed to oversight and accountability.

## Scope

This audit examined the use of contingent workers by all county agencies, with a focus on STT and term-limited temporary (TLT) employees the County has hired since 2017.

## Objectives

The audit objectives were to find to what extent:

- King County is compliant with policies and regulations on STT and TLT employees
- there are disparities in the hiring and retention of STT and TLT employees
- the strategies to ensure compliance with policies and regulations on STT and TLT employees are efficient and effective.

## Methodology

To assess compliance with county policy, we reran all the queries of the County's human resources (HR) data that DHR used in its annual review process in 2021. We then analyzed our results based on criteria in the Contingent Workers Manual to flag different types of employees, e.g., those exceeding their term as a TLT or those eligible for back-benefits payments. We then compared our list of flagged employees to DHR's findings. Where we had flagged employees that DHR did not include in its reports to county agencies, we sent these findings to DHR and/or county agencies for confirmation of potential non-compliance or back-benefits eligibility. In 52 cases, we sent county agencies employee information for confirmation of back-benefits eligibility.<sup>14</sup> In 24 of these instances (46 percent), we received confirmation of eligibility, while in the remaining 28 instances (54 percent), agencies gave reasons for ineligibility. Of

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<sup>14</sup> We later found 19 cases for which we did not confirm eligibility. Confirmation is necessary due to data limitations relating to the body of work and other factors which may affect eligibility. We applied our confirmation rate to this sample to estimate the number of employees eligible.

issues that were identified and relevant to employment changes that took place in 2020, which were the focus of the annual review in 2021, the rate of confirmation was 20 out of 27 or 74 percent.

To determine whether there were disparities in the hiring and retention of contingent workers, we used a binomial distribution test to see if there were statistically significant differences ( $p < 0.001$ ) in the races of all TLT employees and those who later became career service employees. For inclusion in the two groups, employees had to have worked at the County at some point between 2017 and 2021.

We were able to assess the efficiency and effectiveness of DHR's internal controls through the data collection and analysis discussed above. We reviewed findings from the annual reviews for 2018 to 2021 to see how DHR documented its findings and verified back-benefits payments for eligible employees by pulling data from the County's payroll system. We also compared back-benefits forms or worksheets, which calculated the amount due based on the employees' wage, hours worked, and use of sick leave, to the amount paid to ensure that payments the County issued were consistent with approved amounts. In comparing amounts due on the forms to amounts paid in the payroll system, we first took a judgmental sample of nine payments made in 2019 (1) and 2020 (8) based on the amount paid, timing of payment, number of checks issued per employee, and department issuing the check. Three of the nine payments showed differences between the amounts paid and the amounts shown on the form. As a result, we reviewed a population sample of all 123 forms that resulted in back-benefits payments from 2020 through September 27, 2022. We also reviewed all 123 forms to determine whether the period for which employees received back-benefits exceeded the three-year statute of limitations.

For this project, we reviewed the Contingent Workers Manual, Contingent Worker Query Guide, spreadsheets and emails from annual reviews DHR conducted in 2018 to 2021, available presentations and minutes from DHR presentations to the Career Service Review Committee (CSRC) during these years, county HR data, and employee classification appeals for STT and TLT employees interested in moving to career service.

We interviewed CSRC members and DHR staff as well as staff at the following county divisions and agencies: the Business Resource Center, Office of Equity and Social Justice, Office of Labor Relations, Prosecuting Attorney's Office, as well as HR managers at the Department of Community and Human Services, Department of Executive Services, Department of Natural Resources and Parks, King County Elections, and Public Health – Seattle & King County.



# List of Recommendations

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## Recommendation 1

**The Department of Human Resources should compare eligibility records and payment records for prior years, within the three-year statute of limitations, to ensure accurate payment.**

## Recommendation 2

**The Department of Human Resources should keep a single, complete list of employees eligible for back-benefits as part of the annual review described in King County Code 3.12A.030.**

## Recommendation 3

**The Department of Human Resources should develop and implement an efficient way to pull complete records of employees who received back-benefits payments and compare these to eligibility records to ensure payment as part of the annual review described in King County Code 3.12A.030.**

## Recommendation 4

**The Department of Human Resources should review back-benefits forms and payment records to identify under- and overpayments within the three-year statute of limitations.**

## Recommendation 5

**The Department of Human Resources should correct payment errors by 1) notifying employees when it finds that King County overpaid them in back-benefits and recovering overpayments in-line with county policy and RCW 49.48.210, and 2) paying employees in a timely manner when it finds that the County underpaid them in back-benefits.**

## Recommendation 6

**The Department of Human Resources should ensure that all internal stakeholders who review and sign the back-benefits form are aware of material updates to the form to ensure correct payment and recordkeeping.**



### Recommendation 7

**The Department of Human Resources should proactively inform short-term temporary employees of their right to back-benefits to promote correct and prompt payment.**

### Recommendation 8

**The Department of Human Resources should develop and regularly offer practical training on back-benefits eligibility and payment processes to all relevant county employees.**

### Recommendation 9

**The Department of Human Resources should work with the Business Resource Center to make technical improvements to the annual review, described in King County Code 3.12A.030, to increase data reliability and efficiency.**

### Recommendation 10

**The Career Service Review Committee should meet every calendar year before April 30, in-line with King County Code 3.12A.030.**

### Recommendation 11

**The Department of Human Resources should update guidance on temporary employees so that it is user-friendly, aligns with current practice and county policy, and supports prompt and correct back-benefits payments.**



# Advancing Performance & Accountability

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## KING COUNTY AUDITOR'S OFFICE

KYMBER WALTMUNSON, KING COUNTY AUDITOR

**MISSION** Promote improved performance, accountability, and transparency in King County government through objective and independent audits and studies.

**VALUES** INDEPENDENCE • CREDIBILITY • IMPACT

**The King County Auditor's Office is committed to equity, social justice, and ensuring that King County is an accountable, inclusive, and anti-racist government.** While planning our work, we develop research questions that aim to improve the efficiency and effectiveness of King County government and to identify and help dismantle systemic racism. In analysis we strive to ensure that communities referenced are seen, not erased. We promote aligning King County data collection, storage, and categorization with just practices. We endeavor to use terms that are respectful, representative, and people- and community-centered recognizing that inclusive language continues to evolve. For more information, see the King County [Equity and Social Justice Strategic Plan](#), King County's [Statement on Racial Justice](#), and the King County [Auditor's Office Strategic Plan](#).

**ABOUT US** The King County Auditor's Office was created by charter in 1969 as an independent agency within the legislative branch of county government. The office conducts oversight of county government through independent audits, capital projects oversight, and other studies. The results of this work are presented to the Metropolitan King County Council and are communicated to the King County Executive and the public. The King County Auditor's Office performs its work in accordance with Government Auditing Standards.



This audit product conforms to the GAGAS for independence, objectivity, and quality.