King County Auditor's Office
Kymber Waltmunson, King County Auditor
King County

Opportunities to Improve Family and Medical Leave Administration

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February 18, 2015

Executive Summary

Family and medical leave administration is complex, and provisions in King County code add complexity. Pending executive proposals to change this code will not address some key problems with leave administration, as the County lacks sufficient structures to ensure consistency and accuracy in reporting family and medical leave time. Improved guidance, training, and accountability will advance administrative efficiency and mitigate risks of waste and abuse in family and medical leave.

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Opportunities to Improve Family and Medical Leave Administration

Report Highlights
February 18, 2015

Purpose

This audit examined King County policies, procedures, and practices for the use and administration of family and medical leave by King County employees. The County Executive has proposed changes to how the County administers family and medical leave. Our review focused on how these changes would simplify leave administration and what challenges may remain. In doing so, we also reviewed the county's family and medical leave management structures and the consistency of family and medical leave processes among county departments.

Key Audit Findings

Family and medical leave is complex and difficult to administer. An executive proposal to modify King County Family and Medical Leave (KCFML) will likely address some administrative challenges and create efficiencies; however, significant issues will remain. For example, departments will continue to need to use side systems to track family and medical leave. Gaps in guidance and training, weaknesses in data systems, and the county's decentralized approach to family and medical leave administration continue to present challenges. As a result, administration of family and medical leave is inefficient, inconsistent, and may result in improper use of leave. Ultimately, accurate and efficient administration of family and medical leave depends on close coordination of federal, state, and local requirements with the county's management processes.

What We Recommend

We recommend that the County Executive take steps to ensure the consistency and accuracy of family and medical leave time reporting. These steps may include improvements to timekeeping data entry processes and time tracking systems, consistent and comprehensive training, and education to employees regarding family and medical leave. These changes will help ensure that employees are using the amount of family and medical leave to which they are entitled, while providing greater predictability and ease of administration to employees, supervisors, and county management. Further, we recommend that the County Executive follow through with his proposal to resolve the administrative challenges presented by the differences between KCFML requirements and similar federal and state regulations.

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1. King County Family and Medical Leave

Section Summary

Family and medical leave is complex and challenging to administer. Federal, state, and local laws require King County to provide leave for employees in certain circumstances. Family and medical leave protects employee job and insurance benefits when an employee is absent due to childbirth and bonding with a new child or a serious medical condition of themselves or a family member. However, conflicts between King County policy and federal and state requirements complicate family and medical leave administration, and create a gap in protection for some employees. This section explains these conflicts and the extent to which some may be addressed by County Executive-proposed changes to King County Family and Medical Leave (KCFML).

What is Family and Medical Leave?

Family and medical leave protects an employee's job and group medical benefits during absences for qualifying conditions.[1] Overlapping laws at the federal, state, and local levels provide protected family and medical leave to King County employees. The Federal Family and Medical Leave Act (FMLA) provides 12 weeks of protected leave annually for qualifying employees for childbirth and newborn bonding and/or with serious health conditions. Washington state law provides similar protected leave to a broader group of qualifying family members.

What is King County Family and Medical Leave?

Additional family and medical leave provisions within King County code provide 18 weeks of family and medical leave to most county employees. KCFML generally begins after an employee has exhausted all paid leave.[2] In contrast, FMLA protections apply for up to 12 weeks, regardless of whether the employee is on paid or unpaid status.

How does KCFML interact with FMLA?

The differences between the FMLA and KCFML policies create a gap in family and medical leave for some employees. Addressing this gap is the focus of the County Executive's proposed changes to KCFML. Since KCFML requires employees to exhaust their accrued paid leave before KCFML begins, this can create a gap in family and medical leave for employees with more than 12 weeks of accrued paid leave.[3] After an

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[1] Qualifying family and medical leave conditions include birth of a child and newborn bonding, adoption or foster placement of a child and child bonding, serious health conditions that make the employee unable to perform the functions of his or her job, or care for the employee's spouse, son, daughter, or parent with a serious health condition. State and local laws specify that the employee's family members include domestic partners and same-sex spouses and their related family members.

[2] For the purposes of KCFML, donated leave is treated as unpaid leave. In addition, some collective bargaining agreements have specific types of paid leave that are exempt from this requirement.

[3] Note, per King County Code, employees can reserve up to 80 hours of paid sick leave when using KCFML to care for the medical condition of a family member.

employee has exhausted 12 weeks of FMLA-related absence while on paid leave, the employee is no longer protected by federal and state family and medical leave, but cannot access their KCFML because they still have a balance of accrued paid leave.

Why is a gap in family and medical leave problematic?

The KCFML gap is problematic for three reasons. First, it presents significant difficulties for administrators in tracking leave usage. Administrators must perform multiple, complex reviews to determine balances of paid leave and KCFML. Second, it creates staffing challenges for departments in addressing staffing for employees absent due to family and medical leave. The status of an employee on extended leave may be unclear, resulting in a vacant position without a pathway for the department or division to handle its workload. Finally, the gap may act as a barrier to resolution of extended medical leave situations. County officials are also concerned that, within the gap period, employees may believe they have greater job protection than they actually do, and may see KCFML as an entitlement that they must use. According to one department manager, this can lead to some employees being absent and on leave status for very long periods, sometimes years.

Additionally, staff from the Department of Executive Services noted concerns with potential inequity within the current KCFML structure. Because KCFML applies after paid leave reserves are used, the County may unintentionally base family and medical leave rights on years of service.

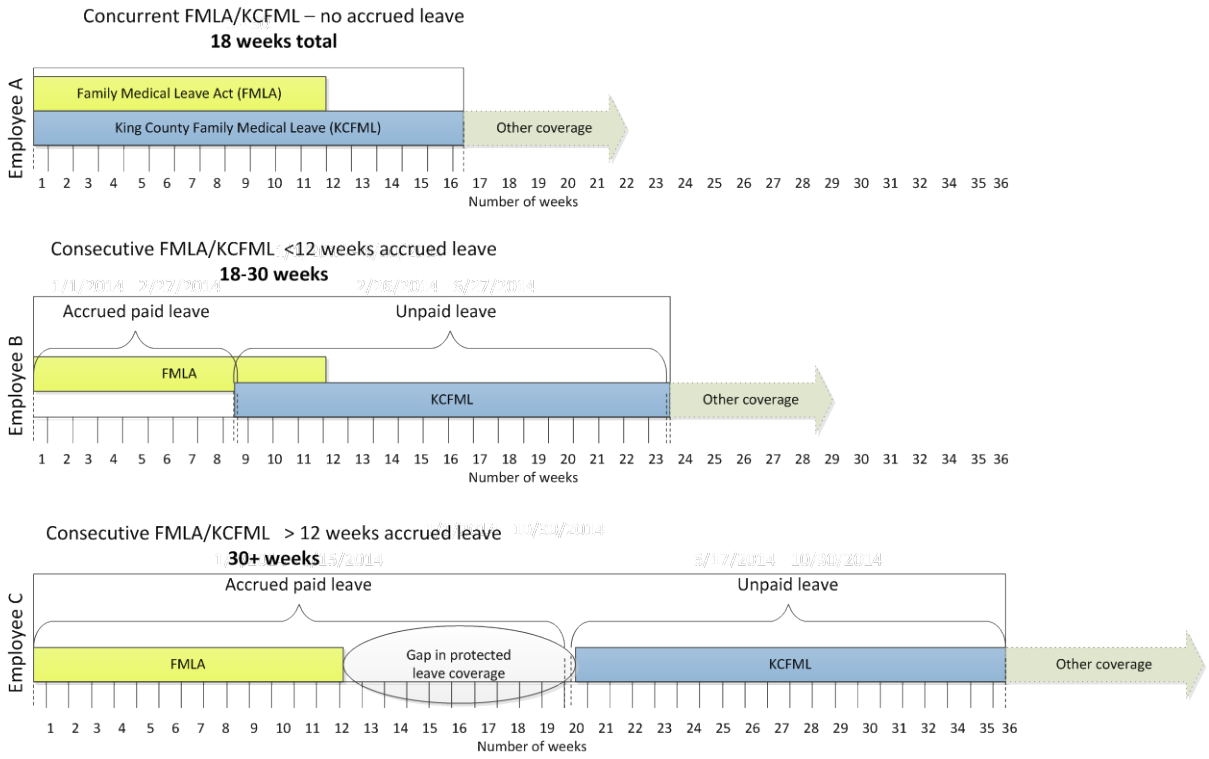
How many employees may experience a gap in family and medical leave?

More than a third of King County employees could experience a gap in family and medical leave under the current KCFML policy. In total, roughly 35 percent of employees have accrued the 12 weeks or more of paid leave that would lead to experiencing the gap in family and medical leave coverage, as shown in example "Employee C" of Exhibit A below.[4] Roughly, two percent have enough paid leave accrued to be on leave for more than one year before their leave is exhausted. Most employees (65 percent), however, have less than 12 weeks of accrued paid leave, and therefore do not experience a gap in family and medical leave. These employees fit within the "Employee B" example in Exhibit A, below. These employees can be on family and medical leave for up to 30 weeks (12 weeks of FMLA plus 18 weeks of KCFML), depending on how much accrued paid leave they use before starting KCFML.

[4] See the report Objectives, Scope, and Methodology statement for more information in the appendices section.

1. King County Family and Medical Leave

Exhibit A: Current King County medical leave policies result in varying periods of protected leave for employees.



Source: King County Auditor's Office

What changes are proposed by the County Executive?

The County Executive is proposing changes that will result in FMLA and KCFML leave running concurrently, thereby eliminating any gap in family and medical leave.[5] These proposed changes to KCFML may simplify some aspects of leave administration. Currently, the gap between FMLA and KCFML creates difficulties for administrators, who must discern and calculate two different types of family and medical leave. Since KCFML depends on exhaustion of paid leave, it also requires administrators to track use of paid leave closely in order to determine when an employee's KCFML begins. Since employees can use family and medical leave intermittently, these calculations may be very complex. For example, an employee with very little accrued sick leave may have a chronic medical condition that requires periodic appointments. While at work, the employee accrues paid sick leave, and then uses that sick leave for their appointments, followed by KCFML as their balance of sick leave is exhausted. As a result, leave administrators must manually adjust the employee's leave status and continually recalculate KCFML balances. Eliminating the gap will ease this

[5]Per agreement with the King County Coalition of Unions, the County Executive is proposing an ordinance to no longer require that KCFML be unpaid time, instead allowing FMLA and KCFML time to run concurrently.

administrative burden and will also help to improve the ability of departments to address employee vacancies due to serious medical conditions when people may not return to work or be off work for extended periods of time.

What is the primary result of the proposed change?

If the County Council enacts the proposed change, county employees will have a maximum of 18 weeks of family and medical leave annually under the new policy (See "Employee A" in Exhibit A). According to the Office of Labor Relations, the County Executive will submit the ordinance proposing this change to the County Council in summer 2015.

Recommendation 1

The County Executive should continue the work it has initiated to develop a proposed ordinance that aligns FMLA and KCFML as a single category of family and medical leave.

The proposed changes to KCFML will not resolve all issues with leave administration

The proposed changes to KCFML will not resolve all challenges associated with administration of family and medical leave, as problems in the consistency and accuracy of family medical leave administration across the County will remain. Leave administrators across county departments consistently reported larger systemic challenges in administering family and medical leave. These issues relate to problems with time reporting and the overall guidance, training, and assignment of responsibilities for managing family and medical leave. These issues are address in greater detail in Section 2.

Proposed changes to KCFML could negatively affect some employees

The proposed changes to KCFML may decrease available leave for some employees. Accrued leave over 18 weeks will lose its protected status. In addition, employees with any accrued leave may lose a corresponding amount of family and medical leave. For example, if an employee had three weeks of accrued leave, under the old system they would have 21 total weeks of family and medical leave and the associated benefits coverage available to them. Under the proposed new system, this same employee would have only 18 weeks of family and medical leave and benefits coverage, regardless of the amount of paid leave they have accrued. Employees may perceive this change as the loss of a benefit they may need in the future.

According to a study performed by Human Resources Division (HRD) and Benefits, Payroll, and Retirement Operations Section (BPROS), however, not many King County employees use more than 18 weeks of family and

medical leave in a given year. For instance, in 2013, HRD and BPROS calculated that between 39 and 61 employees used over 18 weeks of family and medical leave. Officials from both HRD and BPROS stated that there are other mechanisms in place to aid employees with serious medical conditions or other qualifying events that require more than 18 weeks of leave. For instance, accommodations may be available through the Washington Law Against Discrimination or the Americans with Disabilities Act, or an employee may be able to obtain permission from their supervisor or appropriate manager to take leave without pay.

Recommendation 2	The County Executive should conduct and document an assessment of impacts to employees that may result from the proposed policy change and determine whether action should be taken to address any identified impacts.

2. Opportunities to Enhance Leave Administration

Section Summary

Insufficient guidance, training, accountability structures, and weak systems for time reporting make accurate and efficient administration of family and medical leave challenging. The County has a decentralized system of leave administration. While not inherently problematic, decentralized systems require strong policy, training, and timekeeping mechanisms. However, these resources are weak at King County in comparison with peer organizations. The county's time reporting system is not appropriately configured to accurately track family and medical leave usage, lacks internal controls, and is difficult to use.[6] As a result, some employees may use more family and medical leave than they are entitled to. Ensuring the accuracy of employees' family and medical leave usage depends on improving guidance, training, and accountability structures for family and medical leave across the county.

How does King County administer family and medical leave?

King County uses a decentralized system of leave administration. Individual county departments are responsible for managing employee family and medical leave, including:

- calculating employee eligibility for family and medical leave
- administering the medical certification and approval processes
- tracking use of family and medical leave by approved employees

This approach allows departments to not only develop specialized services to meet particular departmental business needs, but also increases the likelihood of inconsistencies in leave administration, processes, and information across the county. With no uniform administrative process, departments create their own processes, which can result in a lack of alignment in the mechanics of family leave administration. For example, one department indicated that they officially begin the FMLA certification process after 40 hours off work or on sick leave; however, staff may not begin the process until low leave balances alert them to an employee's leave status. In comparison, another department indicated that the FMLA certification process begins after three days of absence, as noted by the employee's supervisors and supervisors are responsible for initiating the process. Many departments do not have policies or specific guidance for supervisors regarding how to manage and monitor employee use of family medical leave.

[6] "Family and medical leave" refers to job-protecting leave and includes the various types of family and medical leave under federal, state, and local law along with other specific laws. See, e.g., http://www.lni.wa.gov/WorkplaceRights/files/FamilyLeaveLawsTable.pdf.

2. Opportunities to Enhance Leave Administration

Decentralized administration weakens oversight of family and medical leave

King County provides some central policy and guidance to departments on leave administration and to employees on leave benefits, but has no way to ensure that policies are implemented consistently or correctly. For county employees and leave administrators, the primary resource is a leave guide consisting of detailed information on the various federal, state, and county requirements that address family and medical leave. A county "Leaves Working Group" exists to discuss leave administration issues and challenges. The workgroup develops leave forms and processes and reviews leave topics. However, the workgroup lacks any formal mandate or authority to approve official policy or guidance for county departments. Instead, individual departments determine their level of effort in addressing family and medical leave management. As a result, some departments may use the template forms inconsistently.

Recommendation 3

The County Executive should conduct a thorough gap analysis to identify areas where additional oversight of leave administration across county departments and divisions would be beneficial and designate process owners to fill any identified gaps in oversight and accountability.

Most organizations formally designate responsibility for administration of family and medical leave

The majority of peer jurisdictions we spoke to reported having a centralized human resources structure. The Society for Human Resource Management (SHRM) notes that decentralized structures may benefit from adopting a business-partner model where one central agency provides policy and guidance to the various departments.

According to SHRM, "given the importance, both financially and legally, of accurately tracking FMLA leave, it is pertinent that organizations have someone formally designated to administer FMLA leave." Peers report this approach helps simplify family and medical administration by making the process more linear. For example, in Pierce County, employees call into a central line to report an absence, including medical leave-related absences. Human Resources then tracks the absence type and communicates information to department supervisors related to the absence or expected absence pattern, expected return to work dates, and work restrictions.

2. Opportunities to Enhance Leave Administration

Lack of clear guidance and regular training leads to inconsistent implementation of county family and medical leave policies

Requirements and resources for King County employees and supervisors regarding family and medical leave are confusing and inconsistent. Departmental Human Resources Service Delivery Managers, human resources professionals, and other benefits staff reported that training for supervisors regarding time reporting is lacking. For example, the BPROS website features forms and instructional guidance regarding medical certifications, but there is minimal guidance on the particulars of time entry for FMLA or KCFML time. In addition, departmental Human Resources Service Delivery Managers reported, if offered at all, training for supervisors on family and medical leave differed across county departments, with varying results. Human resources professionals also could not identify employee-specific training regarding family medical leave. The lack of training, coupled with the lack of formal expectations and authority, results in inconsistencies among departments in administering family and medical leave.[7]

SHRM reports that regular training is important to successful leave administration, particularly for supervisors. Appropriate training, including refresher trainings, helps supervisors be more knowledgeable in leave administration and in turn provide employees with more complete, updated information. Peer jurisdictions echoed the importance of training in appropriately tracking and administering family and medical leave. Consistent and uniform training may alleviate errors. For example, in Pierce County, exercises involving running regular system queries for absence patterns helped leave administrators detect potential family and medical leave cases and correct errors.

Recommendation 4

The Human Resources Division and Benefits, Payroll, and Retirement Operations Section should develop comprehensive training and ensure that supervisors are trained at least annually on policies and procedures that relate to family and medical leave management and time approval.

Greater centralization of resources could help instill best practices across King County

A number of King County departments reported that they had developed approaches to address challenges related to family and medical leave administration. However, the lack of a clear mechanism for communicating, documenting, and encouraging implementation of promising practices may prevent the expansion of these practices across the county. For example, at the Wastewater Treatment Division, supervisors'

[7] According to the Business Resource Center, departments do not have a strong incentive to accurately track uncompensated protected leave hours . Administrators in the Business Resource Center reported that the use of side systems for tracking protected leave indicate systemic weakness as best practices provide that time and labor reporting systems should include all aspects of time reporting.

performance appraisals include their knowledge of leave practices. In addition, they, along with some other departments, require annual recertification for intermittent leave, with a designated reminder process. The Department of Public Defense co-locates human resources and leave administration in a single office, promoting easier communication and administration. Without a clear mechanism for documenting and communicating best practices, these practices have no simple way to spread across the county and opportunities to improve and simplify leave administration may be missed.

Recommendation 5

The Human Resources Division should formalize a clear mechanism and process owner(s) for the documentation, communication, and implementation of county policy and best practices in leave administration across county departments and divisions.

There are three main problems with King County's existing systems for leave administration. The systems:

1. Are not sufficiently functional or reliable.
2. Provide insufficient internal controls.
3. Are difficult for employees and timekeepers to use.

As a result, information in the time reporting system is not useful to leave administrators, leave administration is inefficient, and some employees may be able to take more leave than they are entitled to.

The time reporting system is not sufficient for tracking family and medical leave

The County lacks a functional central database for accurately tracking family and medical leave. The county's time tracking system does not have adequate internal controls to ensure that family and medical leave hours are consistently and accurately entered and reported within its database. Departments have developed various approaches to address these weaknesses: by tracking family and medical leave time in side-systems, reconfirming data queries internally, or simply not tracking some family and medical leave at all. Because of these different methodologies, administrators cannot easily or accurately determine how much family and medical leave is used, and by whom, countywide.

Administrators from multiple departments indicated that they do not see FMLA and KCFML entries within the time tracking system as reliable or sufficient. As a result, many departments use side systems – often Excel spreadsheets, but sometimes off-the-shelf software – that track the particular protected leave used by departmental employees. According to a survey of leave administrators conducted by HRD in 2013, at least 48

percent of administrators use some form of side system to support leave tracking. These systems are maintained by timekeepers, who report that maintaining and using the side systems is time-consuming.

Family and medical leave timekeeping is duplicative

Weak administration systems create inefficient and inconsistent management of family and medical leave. Presently, departments across the county have multiple systems for tracking family and medical leave. Family and medical leave time is tracked both within the county's PeopleSoft system and in multiple side-systems. These overlapping systems are duplicative and inefficient. According to the 2013 HRD survey, 13 percent of county human resources professionals spent over a quarter of their work hours on protected leave-related tasks.[8]

The payroll time system lacks internal controls to ensure accurate reporting and appropriate use of family and medical leave

The time tracking system does not accurately and consistently track family and medical leave, which may lead to employees taking more leave than they are entitled to. Entry of employee time typically consists of a two-step verification process: employees enter hours worked, which are then reviewed and approved by a supervisor and a timekeeper before ultimately being recorded. These two controls help ensure that employees provide correct information on hours worked and on leave taken. These controls, however, do not exist for family and medical leave, such as FMLA and KCFML. For example, an employee can accurately enter their paid hours, including paid vacation or sick leave, while simultaneously inaccurately entering their family and medical leave, such as an hourly employee might enter paid sick leave hours without designating those hours as family and medical leave. In some instances, employees may not enter unpaid family and medical leave at all.

As a result, an employee's family and medical leave balance in the payroll system may be incorrect and the employee may be able to take more leave than they are entitled to. The Business Resource Center, which manages the PeopleSoft system, reported that there are significant problems with the integrity and accuracy of family and medical leave data. The accuracy of family and medical leave data depends on the accuracy of the time as reported by the employee and approved by supervisors and timekeepers, as existing system checks for the accuracy of paid time and benefits do not apply to family and medical leave time entries. Erroneous

[8]One leave administrator we interviewed reported that it takes her up to 45 minutes per employee to manually verify family and medical leave balances when she updates the employee's time entries every two weeks. Others reported they review employee time entries, and then log family and medical leave in 'side system' Excel spreadsheets to track use, rather than querying PeopleSoft.

entries or using the wrong time reporting codes can result in inaccurate family and medical leave reporting.

Confusing time entry forms may result in incorrect coding of leave by employees

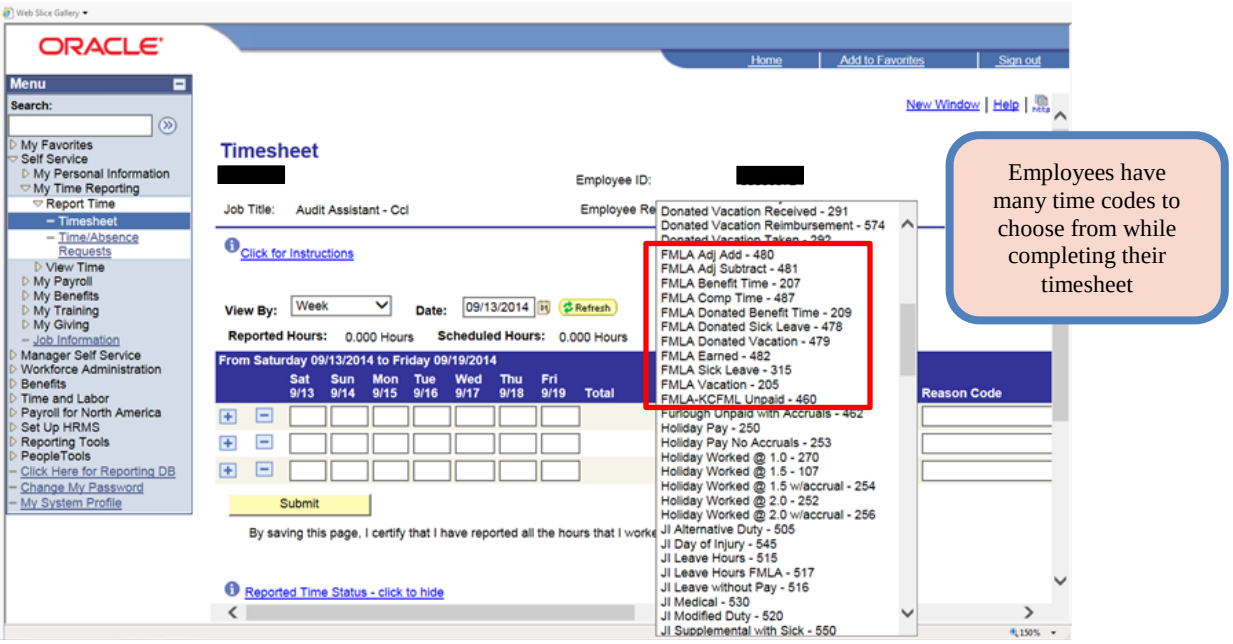
An unnecessarily complex set of time reporting codes makes reporting family and medical leave accurately difficult for employees. Employees and supervisors enter and approve an employee's work hours though time reporting codes. The right codes must be selected to ensure time is reported accurately. As of 2014, there were 418 active time reporting codes available for use by county employees – including 33 separate codes for FMLA hours, 16 for KCFML, and another three codes for FMLA and KCFML combined.[9]

Discussions with departmental human resources professionals and at peer human resources organizations indicated that the number of time reporting codes presented to employees and timekeepers at King County is too high. Employees presented with too many choices may enter family and medical leave time inaccurately, or not at all. One county information technology expert explained that, as a general principle, an organization's number of time reporting codes should be close to the number of rules within the payroll system.[10] King County's PeopleSoft system has roughly 60 rules. In contrast, an administrator opined that peer counties have roughly 100 time reporting codes total. Another administrator stated that the total number of time reporting codes is not the issue, but rather that employees may face difficulty choosing the correct code to use (See Exhibit C). Peer counties reported that they either rely on supervisors to enter employee time, or utilize other add-on systems to manage family and medical leave time reporting.

[9] During discussion regarding the large number of time reporting codes, Business Resource Center and BPROS staff explained that codes were created for any individual department that requested one during the ABT implementation. As a result, rather than having one time code for a particular need, there are multiple time reporting codes with the same functionality. Peers reported that they try and limit codes to the particular type of time used, using reason codes to indicate the purpose related to the time.
[10] Process steps and/or calculations determined by software in developing the entries on an employee's pay stub.

2. Opportunities to Enhance Leave Administration

Exhibit C: Employee Timesheet: Many time reporting code options can lead to miscoding.



Source: Sample King County employee timesheet

Lack of system functionality makes it difficult to track employee use of family and medical leave

The time tracking system lacks functionality for departmental timekeepers. No automatic rules inform timekeepers when an employee's family and medical leave balance merits attention; the system does not automatically inform managers when an employee is nearing family and medical leave exhaustion.[11] Instead, the system must be manually queried to determine family and medical leave balances from the available time reporting data.[12] The lack of automatic family and medical leave reporting may serve as a barrier to preparing employees nearing exhaustion of family and medical leave for other resources available to them, as well as in alerting management to further plan for the vacant position.

[11] Presently, FMLA- and KCFML-eligible employees are provided a full year – 2080 hours – of both FMLA and KCFML leave, despite their 12- and 18-week limits, respectively. This was reportedly done as an interim measure during the ABT project to allow for reporting of family and medical leave, but without addressing the difficulty of calculating variations in family and medical leave balances for employees with work week durations. As a result, employees draw family and medical leave from system accounts without any functional limits.

[12] See FN 7. Administrators must individually query the accumulated family and medical leave used, not the balance of family and medical leave remaining, for each employee, a resource intensive process. Note that the available data is only as accurate as the last time reporting period approved within the system; queries can be two weeks or more 'behind' as current time and labor data is not yet reported to the system.

2. Opportunities to Enhance Leave Administration

System weaknesses invite abuse of family and medical leave

Systemic weaknesses in administering family and medical leave invite fraud, waste, and abuse. When use of family and medical leave is not accurately tracked, employees may be able to take more family medical leave than they are entitled to, or use family medical leave for reasons not supported by appropriate medical certifications. We found that this is a significant possibility at King County.

For example, in one division, a number of employees have obtained medical certifications that prevent them from being assigned mandatory overtime due to chronic medical conditions, opting out of mandatory overtime required by their collective bargaining agreement. Yet the division does not track the overtime not worked against the employee's family and medical leave hours.[13] In another department, we learned that administrators' limited ability for tracking or calculating employee family and medical leave balances can result in a determination of leave balances based on the employee's best guess. The lack of consistent practices and methods for tracking family and medical leave complicates addressing the potential for abuse.

Recommendation 6

The Department of Executive Services should develop a plan to facilitate accurate and complete entry of leave time, including mechanisms to:

a. Reduce the complexity of time reporting codes on employee time logs.
b. Alert supervisors and/or timekeepers to check for family and medical leave status at specific intervals of reported family and medical leave use.
c. Train employees on proper time reporting.

Recommendation 7

The County Executive should develop policies clarifying that accurate time entry is a performance expectation for employees and supervisors.

[13] See, e.g., 29 C.F.R. 825.205 (c) "If an employee would normally be required to work overtime, but is unable to do so because of a FMLA-qualifying reason that limits the employee's ability to work overtime, the hours which the employee would have been required to work may be counted against the employee's FMLA entitlement."

Executive Response

King County

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KING COUNTY AUDITOR
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December 9, 2014

Kymber Waltmunson
King County Auditor
Room 1033
COURTHOUSE

Dear Ms. Waltmunson:

Thank you for the opportunity to review and comment on the proposed final report: "Opportunities to Improve Family and Medical Leave Administration." Thank you also for the professionalism and collaboration of your staff with Executive Branch departments throughout the audit process.

King County is required to provide family and medical leave which protects employee job and insurance benefits during absences for qualifying conditions. We currently administer the federal Family and Medical Leave (FML) and the King County Family Medical Leave (KCFML). Currently, for most employees, KCFML does not begin to run until an employee has exhausted all of their accrued, paid leave, while FML begins to run immediately, creating a complex administrative burden for the County and potential inequities among employees.

I recently proposed changing how we administer KCFML to reduce the overall administration of family and medical leave and to ensure that the leave is consistently available for all our employees. Your report examines the impact of this proposed change, as well as our current policy procedures and practices. It recognizes that while the proposed change will address some of the challenges associated with the administration and use of family and medical leave, other challenges will remain.

To that end, I appreciate the King County Auditor's Office report for highlighting these remaining challenges and proposing recommendations. The recommendations in the report are timely and helpful in light of the efforts we have already made regarding the proposed changes. I concur with the recommendations and have asked our Human Resources Division to dedicate a designated staff member to partner with the Benefits and Retirement Operations Section, Business Resource Center, the Office of Labor Relations, and departmental leave administrators and stakeholders to develop a plan addressing each of the recommendations with the goal of implementation throughout various quarters in 2015 (see attached table).

King County is an Equal Opportunity/Affirmative Action Employer and complies with the Americans with Disabilitites Act

Kymber Waltmunson
December 9, 2014
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This effort promotes the County's strategic priorities of financial stewardship, service excellence, equity and social justice, environmental sustainability, justice and safety, and health and human potential.

Thank you for collaborating on this important work. If you have any questions regarding our audit response, please contact Tim Drangsholt, Manager of Safety and Claims, at 206-477-3366.

Sincerely,

Dow Constantine
King County Executive

Enclosure

cc: Fred Jarrett, Deputy County Executive, King County Executive Office (KCEO)
Rhonda Berry, Chief of Operations, KCEO
Caroline Whalen, County Administrative Officer, Department of Executive Services (DES)
Nancy Buonanno Grennan, Director, Human Resources Division, (HRD) DES
Tim Drangsholt, Manager, Safety and Claims, HRD, DES
Patti Cole Tindall, Director, Office of Labor Relations
Carol Basile, Deputy Director, Finance and Business Operations, DES

Executive Response (continued)

Recommendation	Agency Position	Schedule for Implementation	Comments
1. The County Executive should continue the work he has initiated to develop a proposed ordinance that aligns FMLA and KCFML as a single category of family and medical leave.	Concur	• Continue joint work with Coalition of Unions and Council Staff to identify King County Code language changes necessary to implement change during 1st Quarter, 2015. • Ordinance to be transmitted to Council in 2nd Quarter, 2015 with targeted implementation on July 1, 2015.	n/a
2. The County Executive should conduct and document an assessment of impacts to employees that may result from the proposed policy change and determine whether action should be taken to address any identified impacts.	Concur	• The Human Resource Division (HRD) will conduct an assessment of the impacts to employees and an identification of the options available to them under this proposed change and incorporate feedback and input from various stakeholders across the County. • Target date for completion – 2nd Quarter, 2015.	• Once the options are identified HRD will explore these with the Office of Labor Relations and the unions prior to transmittal of the ordinance. • HRD to explore utilization of external vendors to assist in the assessment and documentation process.
3. The County Executive should conduct a thorough gap analysis to identify areas where additional oversight of leave administration across County departments and divisions would be beneficial and designate process owners to fill any identified gaps in oversight and accountability.	Concur	• HRD will conduct this gap analysis and provide recommendations to address the benefits of additional oversight on leave administration. This will also include feedback and input from various stakeholders across the County. • Targeted date for completion – 2nd Quarter, 2015.	n/a
4. The Human Resources Division and Benefits, Payroll, and Retirement Operations Section should develop comprehensive training and ensure that supervisors are trained at least annually on policies and procedures that relate to family and medical leave management and time approval.	Concur	• The County Leaves Working Group (LWG) has planned annual training. HRD, in conjunction with the LWG, will develop the necessary content on the trainings for supervisors on changes to family and medical leave administration following the ratification and implementation of the ordinance. Efforts will include the exploration of methods and/or systems departments can utilize to ensure training is conducted annually to supervisors. • Target date for completion – 4th Quarter 2015	n/a

5. The Human Resources Division should formalize a clear mechanism and process owner(s) for the documentation, communication, and implementation of county policy and best practices in leave administration across county departments and divisions.	Concur	• HRD will work on a new policy and guidelines for the administration of leave under the proposed changes. • Target date for completion – 3rd Quarter, 2015.	• Development of the policy and guidelines will be contingent upon the passing of the ordinance in the 3rd Quarter, and prior to the trainings targeted for the 4th Quarter. • Policies addressing this recommendation and recommendation #7 to be implemented during the same quarter.
6. The Department of Executive Services should develop a plan to facilitate accurate and complete entry of leave time, including mechanisms to: a. Reduce the complexity of time reporting codes on employee time logs. b. Alert supervisors and/or timekeepers to check for family and medical leave status at specific intervals of reported family and medical leave use. c. Train employees on proper time reporting.	Concur	• HRD to develop this plan in the 2nd Quarter of 2015 with input from various stakeholders across the County and with a targeted implementation in the 3rd Quarter of 2015. Collaboration with the Business Resource Center will be essential, and the scope of the plan to be limited to leave Time Reporting Code (TRC). • Efforts should mirror the development of Human Resources and Time Entry policies in recommendations #5 and #7.	• Alerts for supervisors and/or timekeepers are likely not a PeopleSoft function and will be explored further with the various stakeholders and internal/external systems.
7. The County Executive should develop policies clarifying that accurate time entry is a performance expectation for employees and supervisors.	Concur	• HRD will work on a new policy on accurate time entries under the proposed changes. • Target date for completion – 4th Quarter, 2015.	• Development of the policy on accurate time entry will be contingent upon the passing of the ordinance, and prior to the trainings targeted for the 4th Quarter. • Policies addressing this recommendation and recommendation #5 to be implemented during the same quarter.

Auditor's Comments

We are pleased that the County Executive concurred with all seven of our recommendations and has committed to complete implementation by the end of 2015. Combining KCFML and FMLA is a positive step toward simplifying leave administration in King County; however, this step alone will not address key problems with leave administration. Improved guidance, training, and accountability for family and medical leave administration in King County are essential to advancing administrative efficiency and mitigating risks of waste and abuse.

The County Executive, in his response to our audit, indicated that implementation of recommendations 5 and 7 is contingent on the passage of a proposed ordinance to align FMLA and KCFML as a single category of family and medical leave. We agree that it makes sense to delay implementation of these recommendations until it is clear whether the County Council will pass the proposed ordinance. However, the County Executive can and should ultimately implement these recommendations, regardless of whether the County Council decides to consolidate KCFML and FMLA into a single leave category.

Failure to implement these recommendations would result in continued elevated risk of inaccurate leave tracking by employees and waste of administrative resources, as well as continued potential for fraud and abuse.

Statement of Compliance, Scope, Objective & Methodology

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.

Audit Scope and Objectives:

Family and medical leave protections exist at the federal, state, and local level. King County provides additional leave to its employees beyond that required by federal and state law. This audit examines the use of family and medical leave by King County employees and potential opportunities for its improved administration. The objectives of the audit were to:

- Identify how family and medical leave is used by King County employees.
- Determine the extent to which there are challenges for King County in administering family and medical leave efficiently and cost-effectively.
- Identify opportunities to improve administration of family and medical leave by King County.

Methodology:

To achieve the objectives listed above, the King County Auditor's Office interviewed management and key staff from the Human Resources Division; the Benefits, Payroll, and Retirement Operations Section of the Finance and Business Operations Division; and the Business Resource Center of King County's Department of Executive Services. We also interviewed personnel responsible for family and medical leave management and administration at ten county departments and units that were selected as a representative cross-section of unit sizes and family and medical leave use rates at the county:

- the Operations group of the King County Superior Court
- the Permitting section of the Department of Permitting and Environmental Review
- the Department of Public Defense
- the Community Health Services Division of the Department of Public Health
- the King County Sheriff's Office
- the Ballot Processing and Delivery section of the Department of Elections
- the Metro Transit Division of the Department of Transportation
- the King County Correctional Facility of the Department of Adult and Juvenile Detention
- the Wastewater Treatment Division and the Parks and Recreation Division of the Department of Natural Resources and Parks

Interviews determined how supervisors, timekeepers, and management understood legal and administrative requirements regarding family and medical leave, and their practices and procedures used in administering family and medical leave.

We also interviewed administrators in Multnomah County, Oregon; Santa Clara County, California; and Pierce and Snohomish counties, Washington, regarding their family and medical leave policies and administrative processes. We selected these counties based on geographic proximity and similarity in size with King County, and their participation in previous Human Resources-related audit work. We surveyed relevant literature, including academic and professional reports, to identify requirements and best practices in managing family and medical leave. We also performed analyses of data from the Human Resources Division regarding employee paid leave.

Scope of Work on Internal Controls

We assessed internal controls relevant to the audit objectives. This included review of selected policies, plans, processes, and reports, as well as interviews with subject matter experts regarding data reliability. In performing our audit work, we identified concerns related to the quality of some types of available computer-generated data. We tested the reliability of the data using a variety of techniques relevant to the type data, its source, its use, and our potential purposes. We determined that some data were not sufficiently reliable for purposes of analytical conclusion, and included findings and recommendations related to improving the sufficiency and reliability of this data. In cases where data are presented in the report, we determined that these data were sufficiently reliable for our purposes.

List of Recommendations & Implementation Schedule

Recommendation 1: The County Executive should continue the work it has initiated to develop a proposed ordinance that aligns FMLA and KCFML as a single category of family and medical leave.

> **Implementation Date:** July 1, 2015
> **Estimate of Impact:** Aligning family and medical leave as one category will ease some elements of administrative burden on leave administrators and employees.

Recommendation 2: The County Executive should conduct and document an assessment of impacts to employees that may result from the proposed policy change and determine whether action should be taken to address any identified impacts.

> **Implementation Date:** 2nd Quarter 2015
> **Estimate of Impact:** Assessing the impact to employees will ensure that employees who could be negatively affected by the change are identified and informed of any mitigating options or alternatives.

Recommendation 3: The County Executive should conduct a thorough gap analysis to identify areas where additional oversight of leave administration across county departments and divisions would be beneficial and designate process owners to fill any identified gaps in oversight and accountability.

> **Implementation Date:** 2nd Quarter 2015
> **Estimate of Impact:** The gap analysis will provide specific information to management regarding how current departmental family and medical leave administration systems result in incomplete and incorrect time reporting data and employee supervision, and create accountability for correcting these areas by designating responsibility for them. A centralized approach to the gap analysis and identification of next steps resulting from that analysis will help ensure consistency in process improvements.

Recommendation 4: The Human Resources Division and Benefits, Payroll, and Retirement Operations Section should develop comprehensive training and ensure that supervisors are trained at least annually on policies and procedures that relate to family and medical leave management and time approval.

> **Implementation Date:** 4th Quarter 2015
> **Estimate of Impact:** Comprehensive, annual training will help ensure that supervisors are adequately knowledgeable about the requirements, policies, and procedures regarding family and medical leave. Training should ease the administrative burden and prevent inconsistencies in application of the policy.

Recommendation 5: The Human Resources Division should formalize a clear mechanism and process owner(s) for the documentation, communication, and implementation of county policy and best practices in leave administration across county departments and divisions.

> **Implementation Date:** 3rd Quarter 2015
> **Estimate of Impact:** Formally identifying policy process owners for leave administration should help ensure that county departments adequately and consistently address family and medical leave requirements.

Recommendation 6: The Department of Executive Services should develop a plan to facilitate accurate and complete entry of leave time, including mechanisms to:

a. Reduce the complexity of time reporting codes on employee time logs.
b. Alert supervisors and/or timekeepers to check for family and medical leave status at specific intervals of reported family and medical leave use.
c. Train employees on proper time reporting.

> **Implementation Date:** 3rd Quarter 2015
> **Estimate of Impact:** Simplification in time entry and consistent training will ensure that employees are able to accurately enter time, providing correct use data for administrators and lower the potential for inconsistencies and abuse.

Recommendation 7: The County Executive should develop policies clarifying that accurate time entry is a performance expectation for employees and supervisors.

> **Implementation Date:** 4th Quarter 2015
> **Estimate of Impact:** Policies specifying that accuracy is a component of job performance will result in improved data reliability for administrators and the ability to use corrective resources more efficiently.