



KING COUNTY AUDITOR'S OFFICE

DECEMBER 1, 2022




Follow-up on Inconsistent Overtime Calculations Add Up for Corrections Officers and Paramedics

King County has made significant progress in coordinating between different departments when it comes to aligning overtime pay with legal, contractual, and software requirements, reducing the likelihood of inaccurate payments. In response to our audit, the Payroll Governance Committee was established to ensure accountability and clear responsibilities for all payroll functions and related decision-making, so that it is compliant with applicable laws and collective bargaining agreements. The committee connects the various teams that contribute to making accurate payments, including the Department of Human Resources, the Office of Labor Relations, the Business Resource Center, and the Prosecuting Attorney's Office. The committee meets monthly to investigate the issues raised in the audit and address a wide range of payroll-related policies, their impacts, and implications for key stakeholders.

King County has also increased the transparency of paystubs, making it easier for employees to verify that they have been paid the correct amount. The County has replaced confusing pay acronyms with easier-to-understand descriptions, as well as clearly identifying in which week the amounts were earned. The County also issued guidance to employees to help them understand their paychecks and how overtime premiums are calculated.

King County still pays more overtime premiums than required under the Fair Labor Standards Act (FLSA) as a result of how the PeopleSoft system was configured in 2012. As we noted in the audit, changing this practice system may now require additional bargaining. However, the County did address the issues relating to underpayment that we identified in the audit. As the Payroll Governance Committee continues to work through the various issues, it will need to continue to document the decisions made and how its system configurations align with both the FLSA and collective bargaining agreements.

Of the 11 audit recommendations:

	5 DONE		6 PROGRESS		0 OPEN
Fully implemented Auditor will no longer monitor.		Partially implemented Auditor will continue to monitor.		Remain unresolved Auditor will continue to monitor.	

Please see details below for implementation status of each recommendation.

Recommendation 1

PROGRESS



The Department of Human Resources should review PeopleSoft earnings codes; make any configuration changes to ensure internally consistent logic and legal compliance; and document how configurations align with the Fair Labor Standards Act, contract language, and/or past practice.

STATUS UPDATE: The Payroll Governance Committee has been investigating the earnings code issues we identified in the audit and discussing how best to address them moving forward.

WHAT REMAINS: The Payroll Governance Committee should continue to review and address PeopleSoft earnings codes. Once they have addressed each earnings code issue, the committee should document how each configuration aligns with FLSA, contract language, and/or past practice.

Recommendation 2

DONE



The Department of Human Resources should clearly designate responsibility for ensuring that decisions about earnings codes have internally consistent logic and are legally compliant. This responsibility should extend from bargaining, to configuration, and final implementation.

STATUS UPDATE: King County created the Payroll Governance Committee to designate responsibility for ensuring payroll-related decisions are made consistent with legal requirements. The committee includes representatives from contract bargaining, software configuration, and payroll.

IMPACT: Now that a centralized entity with knowledge of the entire process is overseeing the implementation of earnings codes, it should help the County address any past issues and prevent errors when implementing new codes, which will help ensure that employees are paid accurately.

Recommendation 3

PROGRESS



The Department of Human Resources should work with agency payroll, Prosecuting Attorney's Office, and Office of Labor Relations to develop, document, and implement standard operating procedures for accurately configuring earnings codes.

STATUS UPDATE: Standard operating procedures are a planned deliverable of the process to address Recommendation 1 by the Payroll Governance Committee, which includes representatives from the Department of Human Resources, the Prosecuting Attorney's Office, and the Office of Labor Relations.

WHAT REMAINS: After the Payroll Governance Committee has reviewed the earnings codes as part of Recommendation 1, it should document standards on how to accurately configure each earnings code and ensure codes are implemented as documented.

Recommendation 4

PROGRESS



The Department of Human Resources should design a process that will verify the accuracy of the Fair Labor Standards Act regular rate calculations and overtime pay in the County's payroll system.

STATUS UPDATE: The Payroll Governance Committee has begun drafting procedures to verify the accuracy of regular rate and overtime pay calculations to integrate into its existing quality assurance process, but these procedures are not yet finalized.

WHAT REMAINS: The Payroll Governance Committee should develop a quality assurance process that verifies the accuracy of the PeopleSoft calculations with regard to overtime pay. The quality assurance process should not itself rely on the PeopleSoft calculations being accurate.

Recommendation 5

DONE



The Department of Human Resources should work with the Office of Labor Relations to develop and create reference materials for negotiators to use when bargaining about pay. At a minimum, these materials should include standard definitions of terminology to be used in contracts, such as regular rate, and the technical capabilities and limitations of the payroll system.

STATUS UPDATE: As part of the bargaining checklist that the Office of Labor Relations distributes to negotiators, there are steps that instruct negotiators to meet with subject matter experts to ensure that language in the collective bargaining agreement comports with both legal requirements and PeopleSoft capabilities.

IMPACT: Instructing negotiators to consult with payroll and PeopleSoft experts during bargaining reduces the likelihood of using ambiguous terms in collective bargaining agreements, which in turn reduces the risk of inaccurate payroll payments.

Recommendation 6

PROGRESS



The Department of Human Resources should work with relevant stakeholders to calculate the minimum overtime amount owed to employees under the Fair Labor Standards Act and the minimum overtime amount owed to employees under contract language, then document the rationale for or address any differences between actual pay and the greater of these two minimums.

STATUS UPDATE: The Payroll Governance Committee is incorporating documentation of these calculations into its quality assurance process. However, our review of 2022 payroll records shows that the issues identified in the audit are still present in the payroll system.

WHAT REMAINS: The Payroll Governance Committee should calculate liabilities under both the law and the collective bargaining agreement. It should then address any differences between what is owed and what is paid or document the rationale for any such differences.

Recommendation 7

PROGRESS



The Department of Human Resources should work with relevant stakeholders to develop a process that ensures consideration of information documented in Recommendations 1 and 6 during labor negotiations and PeopleSoft pay configurations.

STATUS UPDATE: King County created the Payroll Governance Committee, which coordinates between relevant stakeholders and provides a forum for considering payroll-related issues.

WHAT REMAINS: Once documentation from Recommendations 1 and 6 are complete, the Payroll Governance Committee should ensure that it is considered during labor negotiations and PeopleSoft configurations.

Recommendation 8

DONE



The Department of Human Resources should provide information to employees about each line item on their paystubs that clearly describes types of pay and identifies the pay period to which it refers.

STATUS UPDATE: The Payroll Governance Committee revised the descriptions of different pay types on paystubs, replacing acronyms with clearer descriptions of the types of pay. The new paystubs also identify the week for which the pay was earned.

IMPACT: Employees are now able to more easily decipher their paychecks and confirm that they have been paid correctly, adding a greater level of accountability to the payroll system.

Recommendation 9

PROGRESS



To reduce post-period adjustments, the Department of Adult and Juvenile Detention should develop and execute a plan to ensure that a greater proportion of time and labor information is submitted to timekeepers on time.

STATUS UPDATE: Part of the Department of Adult and Juvenile Detention's 2021-2022 Business Plan was to improve the payroll process, reducing the time spent to process payroll and thereby giving staff more time to address other payroll work.

WHAT REMAINS: The Department of Adult and Juvenile Detention should measure the extent to which its improvements to payroll efficiency reduced the number of post-period adjustments.

Recommendation 10

DONE



The Department of Adult and Juvenile Detention should regularly provide corrections officers with information that allows them to verify their paystubs, including time and labor information, regular rate calculations, and post-period adjustments.

STATUS UPDATE: Paystubs for the Department of Adult and Juvenile Detention employees now include additional information about which week pay was earned. There is also now additional guidance on how employees can read their paystubs, with specific information about the derived overtime rate, which is based on the regular rate. This guidance also has directions for how employees can ask for additional information regarding their paychecks.

IMPACT: Department of Adult and Juvenile Detention employees are now better able to read their paystubs and verify that they have been paid correctly, increasing the accountability of the payroll system.

Recommendation 11

DONE



The Department of Public Health should regularly provide paramedics with information that allows them to verify their paystubs, including time and labor information, regular rate calculations, and post-period adjustments.

STATUS UPDATE: Paystubs for the Department of Public Health employees now include additional information about which week pay was earned. There is also now additional guidance on how employees can read their paystubs, with specific information about the derived overtime rate, which is based on the regular rate. This guidance also has directions for how employees can ask for additional information regarding their paychecks.

IMPACT: Department of Public Health employees are now better able to read their paystubs and verify that they have been paid correctly, increasing the accountability of the payroll system.

Peter Heineccius conducted this review. If you have any questions or would like more information, please contact the King County Auditor's Office at KCAO@KingCounty.gov or 206-477-1033.