



Office of the
Washington
State Auditor
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PERFORMANCE AUDIT

Report Highlights

Reducing the Risk of Inappropriate Dual Payroll Payments

Dual employment – the practice of holding two or more jobs concurrently – supplements workers’ incomes and offers other benefits, such as gaining new skills or creating more career opportunities. But despite its benefits, it can pose several challenges and risks to state agencies when public funds are used inappropriately. The State Auditor’s Office has investigated a few instances in which employees inappropriately worked at two agencies during overlapping office hours. A more common risk is that some dual-employed workers struggle to maintain engagement at both jobs due to fatigue, which could reduce their productivity at one or both jobs. While uncommon now, dual employment may become more common in remote-work environments. State agencies and the Office of Financial Management (OFM) have a role in mitigating risks associated with dual employment. State agencies are required to follow a number of personnel and payroll requirements, or independently develop their own policies and procedures when explicit rules do not exist. For example, agencies may choose to disapprove employees’ dual employment if it causes a conflict of interest for the agency. This audit assessed strategies to help state agencies identify and manage employees’ dual employment.

State agencies can take steps to mitigate risks associated with dual employment, including inappropriate payments

Agencies have few avenues to identify workers who are dual employed, and instead rely on employee honesty and self-disclosure. We also learned that when there is a lack of coordination between the primary and secondary agencies, it can lead to several issues around work schedules, overtime pay and leave accruals. Finally, we found that most selected state agencies lack up-to-date information about workers’ dual employment status. Leading practices suggest employers develop policies and processes to identify and manage instances of dual employment. We identified leading practices from organizations such as the U.S. Office of Personnel Management, and those used in other states as well as the five selected state agencies in Washington. These practices fall into five categories:

1. Developing dual employment policies and procedures
2. Identifying dual-employed workers
3. Coordinating schedules, benefits and overtime between employers
4. Keeping up-to-date information on dual-employed workers
5. Providing guidance to supervisors around remote work

OFM provides technical guidance to agencies regarding dual employment

OFM provides some technical guidance to state agencies around people employed by more than one state agency. Its website contains guidance on hiring dual-employed workers, and the need to coordinate with other state agencies around hours worked and benefits. Additionally, HRMS permits state agency payroll

staff to run a report on all active dual-employed state workers. State agencies may not be aware that they can run this report, however: only one of the five selected state agencies was aware of it.

In 2029, OFM plans to transition to Workday, a statewide enterprise reporting system that will merge many of the state's business processes. OFM staff believe Workday will more easily allow agencies to view all active state workers. Because OFM already provides technical guidance, the agency is well suited to provide additional guidance around dual employment. Currently, Washington lacks statewide guidance around dual employment policies and procedures to ensure agencies consistently identify workers and coordinate with other employers.

State Auditor's Conclusions

Dual employment, in which one person is employed by two government agencies, can easily be misunderstood by members of the public, who might assume the person is attempting to fill two conflicting, full-time jobs. As this performance audit shows, it can very well be appropriate for a state employee to be compensated for work conducted outside of their primary position. However, there have been rare cases in which it was not appropriate.

This report identifies several leading practices to ensure dual employment in state agencies is properly overseen. They include practical steps for state agencies, such as identifying dual employment by routinely comparing their payroll to the available list of all dual-employed state workers. They also include ensuring state workers understand their responsibilities to report and manage their dual employment. Human resource agencies in several other states have developed specific guidance around dual employment, which Washington's Office of Financial Management also should consider.

The recommendations in this report will help Washington's state agencies be clear and direct with workers about the rules for outside employment. These recommendations will help agencies develop better policies and practices around dual employment, allowing workers to supplement their incomes or gain experience, and helping government maintain public trust by protecting public resources.

Recommendations

We made a series of recommendations to OFM to provide state agencies with guidance around dual employment policies and procedures and running reports on all active dual-employed employees. We also recommended the agency ensure the replacement for HRMS has controls in place to alert state agencies when people have more than one state employer.

This audit does not make formal recommendations to the five state agencies interviewed. However, we consider the audit results so broadly applicable that it is in the state's best interest for all government agencies to consider the strategies highlighted in this report.