

PERFORMANCE AUDIT

Work in progress: Audit description

Reducing Risk Of Unusual Dual Employment Payroll Payments

The COVID-19 pandemic brought upsetting – but also sometimes beneficial – changes to the way that people work. Remote work and flexible hours allowed more people to hold two or more jobs simultaneously. Workers can benefit from this growing trend, known as dual employment, by gaining additional income and skills.

Nonetheless, dual employment can pose the risk of payroll fraud to unwary employers in both private and public organizations. In typical dual-employment payroll frauds, some workers falsify timesheets, claiming payment for hours they did not work at one or both employers. The State Auditor’s Office has investigated multiple instances in which government employees inappropriately worked at two agencies during overlapping office hours.

Each state agency generally develops its own personnel policies and procedures, which thus vary between agencies. Such policies usually require a manager to establish work schedules with each employee and review their timesheets to prevent inappropriate payroll payments. However, state agencies currently lack a readily available mechanism to identify an employee working two or more jobs simultaneously. Even if workers disclose employment at two agencies, each agency may only have access to its own data and cannot know what hours workers claimed at the other employer. Some agencies have attempted to prevent potential payroll fraud by developing employment policies that prohibit employees from holding another job, while others may have done little around this issue.

Preliminary scope and objectives

While individual state agencies are limited in the information they hold, the state’s Office of Financial Management collects statewide payroll data from all state agencies in its Human Resources Management System. The data comprises payroll payments for all state employees, including type of payments (for example, overtime pay) and employee employment status.

This audit will identify leading practices that agencies and Office of Financial Management can use to monitor payroll payments from multiple state agencies. The audit seeks to answer the following question:

- What opportunities exist for state agencies and the Office of Financial Management to prevent inappropriate dual-employment payroll payments?



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