

## CABINET RESPONSE TO PERFORMANCE AUDIT ON REDUCING THE RISK OF INAPPROPRIATE DUAL PAYROLL PAYMENTS – DECEMBER 17, 2024

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The Office of Financial Management (OFM) provides this management response to the State Auditor's Office (SAO) performance audit report received on November 7, 2024.

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### SAO PERFORMANCE AUDIT OBJECTIVES

The SAO's performance audit addressed this question:

1. What opportunities exist for state agencies and the Office of Financial Management to prevent inappropriate dual employment payroll payments?
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### Recommendations to OFM in brief:

To provide additional guidance around dual-employed workers:

#### SAO Recommendation 1:

1. Develop and share guidance on key components on dual employment to include in a policy, including:
  - a. Clauses around the use of agency resources for other jobs, conflicts of interest, ensuring other positions cannot impair an employee's performance, and the consequences of violating the policy, as described on page 12
  - b. A process to approve dual employment by both employers, including establishing separate work schedules and requiring reapprovals annually
  - c. A description of relevant state laws, an agency's responsibilities and its ongoing obligations to monitor dual-employed workers.

**STATE RESPONSE:** OFM disagrees. The core tenet of this issue is related to employee ethics, which is governed by the Executive Ethics Board (EEB). OFM agrees that dual employment should be properly managed at the agency level with sufficient oversight. OFM believes that SAO should work with the EEB and the Attorney General's Office to address the ethics, legal issues, and responsibilities of agencies in monitoring dual employment.

#### Action Steps and Time Frame

- Not applicable
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#### SAO Recommendation 2:

2. Disseminate existing instructions to state agencies' human resources departments on how they can run reports of all active dual-employed employees using the Human Resources Management System.

**STATE RESPONSE:** OFM agrees with the recommendation and will work with payroll and human resources organizations' communities of practice to identify and disseminate the numerous tools available to agency human resource and payroll staff.

### **Action Steps and Time Frame**

- Remind agency human resource and payroll staff of available tools. *By January 31, 2025.*
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### **SAO Recommendation 3:**

3. When developing requirements for the human resources component of Workday, include controls to alert:
  - a. The hiring state agency that the new employee is an active state employee
  - b. The primary state agency that an active employee has been hired at another state agency

**STATE RESPONSE:** OFM agrees in principle with the recommendation. The Workday software is used throughout the world by governments and the private sector and is the enterprise resource and planning (ERP) system for our state's administrative systems modernization project. The initial requirements for Workday policy alignment documentation, prepared by the system integrator, already address dual employment functionality.

### **Action Steps and Time Frame**

- Complete
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