Temporary & Seasonal Employee's Audit
Human Resources

COMMUNICATION WITH THE GOVERNING BODY

Liza Kerr,
Internal Audit

AUDITOR'S REPORT

This audit was conducted in accordance with generally accepted government auditing standards, except for a peer review, and is intended only to conclude on the stated objectives of this audit.

BACKGROUND

- The use of temporary and seasonal employees is a long-standing practice that has been beneficial to both the City and the employees they hire into these positions.
- There are many benefits including a reduction in expense as no benefits are paid.

CHANGING REGULATORY ENVIRONMENT

Federal Laws	State Laws
Medical Benefits	Retirement Benefits

A temporary or seasonal employee becomes eligible for:

Medical benefits under the Federal Affordable Care Act after working for a year and more than thirty hours per week.	Retirement benefits under the Public Employees Retirement Act after working more than nine months and more than twenty hours per week.

INTRODUCTION

- During an exit conference with a former employee, IA became aware that some managers might be abusing the temporary or seasonal employee job classification.
- Allegations included the long-term use of these employees as a way of avoiding paying normal benefits.
- IA found that some of the temporary employees had been with the City going back as far as 1999.

FINDINGS

We found that:

1. Human Resource (HR) policies are not current;
2. There are no monitoring controls at the level of HR to detect non-compliance;
3. Thirteen of 41 employees were eligible for, but not receiving medical benefits; and
4. Twenty of 41 employees were eligible for, but not receiving retirement benefits.

RECOMMENDATIONS

1. Update HR policies to ensure compliance with current Federal and State Laws. Consider providing guidelines in the form of documented procedures for lower level managers to follow regarding the appropriate use of temporary employees, and the individual manager's responsibilities;
2. HR to design and implement monitoring procedures to ensure compliance with Federal and State Law and City policies and procedures;
3. Ensure the affected employees receive appropriate medical benefits; and
4. Ensure the affected employees receive appropriate retirement benefits.

SUGGESTED CHANGES TO REPORT RECEIVED AFTER GIVEN TO GOVERNING BODY

- Include job types in charts summarizing findings;
- Summary in report indicating finding owner and implementation target date; and
- Have recommendations include the following:
  - Training;
  - Use of new ERP system to send out alerts and reminders; and
  - Suggestion that HR do a phased implementation of policies by priority and importance.

QUESTIONS / COMMENTS

A SPECIAL THANKS TO LYNETTE TRUJILLO IN HR FOR HER ASSISTANCE DURING THIS AUDIT.

SHE WERE VERY RESPONSIVE AND KNOWLEDGEABLE.

Questions?

FEEDBACK

Internal Audit would like to request feedback from the Governing Body as to how they want audit reports presented:

- Informational Item:
  - With or without presentation;
  - How much time; and
  - What format?
- Consent Item; or
- Information Only Item.

- Ordinance 2013-34 2-22.7 states that the Internal Auditor shall report all types of audits…to the governing body via the finance committee.