



OFFICE OF THE KANE COUNTY AUDITOR

Penny Wegman, Kane County Auditor

**The Salem Group
“Temporary Employee” Provider
Contract Review**

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Overview / Objectives

The Auditor’s Office has performed a review of the current “Temporary Employee” Contract Kane County maintains with The Salem Group.

The objective of The Salem Group Review was to:

- Perform a thorough examination of The Salem Group’s invoices to determine Salem’s compliance with the contract
- Assess whether the Kane County Departments that utilize the Salem Group Contract perform an appropriate invoice review (invoice detail agrees with contract) prior to approving the invoices for payment
- Assess whether the Kane County Departments that utilize the Salem Group Contract follow appropriate Kane County Ordinances and Policies

During November 2020, Kane County accepted proposals from seventeen (17) vendors to provide qualified temporary staffing services for Kane County Departments and office locations. The Kane County Evaluation Team included representatives from Information Technology, Human Resources, County Clerk’s Office and the Health Department. The Evaluation Team recommended awarding the contract to the top three scoring vendors to allow departments to have varied choices depending on the job position needed. The Salem Group was determined by the Evaluation Team to be one of the top three vendors.

Kane County resolution 21-47, Approving “Temporary Employee” Providers, was passed by the Kane County Board on February 9, 2021 and signed by the Kane County Clerk and the Kane County Board Chair.

Through November 7, 2021, four Kane County Departments have utilized 11 Salem Group “Temporary Employees” for a total of 4,206 hours and \$140,674. The following is a breakdown of this detail:

Kane County	# of Temporary Employees	# of Invoices	Hours (Through 11/7/21)	Total Billed
Department #1	1	11	311	\$ 15,901
Department #2	1	5	97	\$ 4,901
Department #3	1	14	163	\$ 5,135
Department #4	8	126	3,635	\$ 114,737
	11	156	4,206	\$ 140,674

Two Salem “Temporary Employees” have recently been hired by Kane County.

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Issues

Classifications – “Temporary Employee” / “Independent Contractor”

1. Kane County does not maintain a “Temporary Employee” Policy and there appears to be confusion, within Kane County Departments, as to whether Salem employees are considered “Temporary Employees” or “Independent Contractors”. One Kane County Department who utilizes Salem extensively, clearly indicated they felt these were “Independent Contractors”. (“Temporary Employee” and “Independent Contractor” are used interchangeably within this report)

Recommendation:

To eliminate any confusion Kane County Departments might have regarding “Temporary Employees” and “Independent Contractors”, The Auditor’s Office recommends the Kane County Human Resources Department prepare a “Temporary Employee” policy for departments to follow. ***The IRS general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.*** There needs to be precise clarification between a “Temporary Employee” and an “Independent Contractor”. Additionally, the policy would require any family relationship status to county employees be disclosed. This policy would require approval of the Kane County Board.

Salem Invoice Compliance

2. The Kane County RFP includes a requirement that each invoice reference the Kane County Department Employee responsible for requesting the “Temporary Employee”. A review of the Salem invoices indicate Salem did not include this information on their invoices.

Recommendation:

As per the contract, Salem Group should be required to enter the name of the Kane County Employee responsible for requesting the temporary employee on each invoice. The Kane County Department, where the temporary employee is working, should not approve any Salem invoices for payment and return the invoice to Salem when this has been omitted from the invoice.

Follow-Up:

The Kane County Department, who is responsible for the current Salem “Temporary Employees, has contacted Salem to ensure Salem reference the Kane County Department Employee responsible for requesting the “Temporary Employee” and also enter the actual

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position classification on each invoice. Until Salem can make the changes, the Kane County Department, who is responsible for the current Salem “Temporary Employees, has started entering both the Kane County Employee responsible for requesting the “Temporary Employee” and the current job classification on the invoice.

Human Resources Not Notified of Two (2) Temporary Hires & Appropriate Badge Not Issued

3. Of the 11 “Temporary Employees from Salem, Kane County Human Resources was not aware of 2 of the “Temporary Employees” and therefore, no badge was issued. Of the 11 temporary Salem employees, eight (8) were issued “Contractor” badges, one (1) was issued an “Intern” badge and two (2) were not issued any badges.

Recommendation

Human Resources needs to be notified when Departments utilize “Temporary Employees” so an appropriate badge can be issued, to allow the “Temporary Employee” be identified as a legitimate “Temporary Employee” while on Kane County Property.

The Auditor’s Office recommends the Human Resources Department send out communication to all departments reiterating the need for County Departments to notify Human Resources when a “Temporary Employee” or “Independent Contractor” is hired so Human Resources can issue the appropriate badge.

Audit Opinion

In our opinion, Salem Group invoices are in compliance with the contract with the exception of indicating the Kane County Employee responsible for requesting the “Temporary Employee” on the invoice. The Kane County Department, who utilizes Salem, has started entering both the Kane County Employee responsible for requesting the “Temporary Employee” and the current job classification on the invoice.