



KING COUNTY AUDITOR'S OFFICE

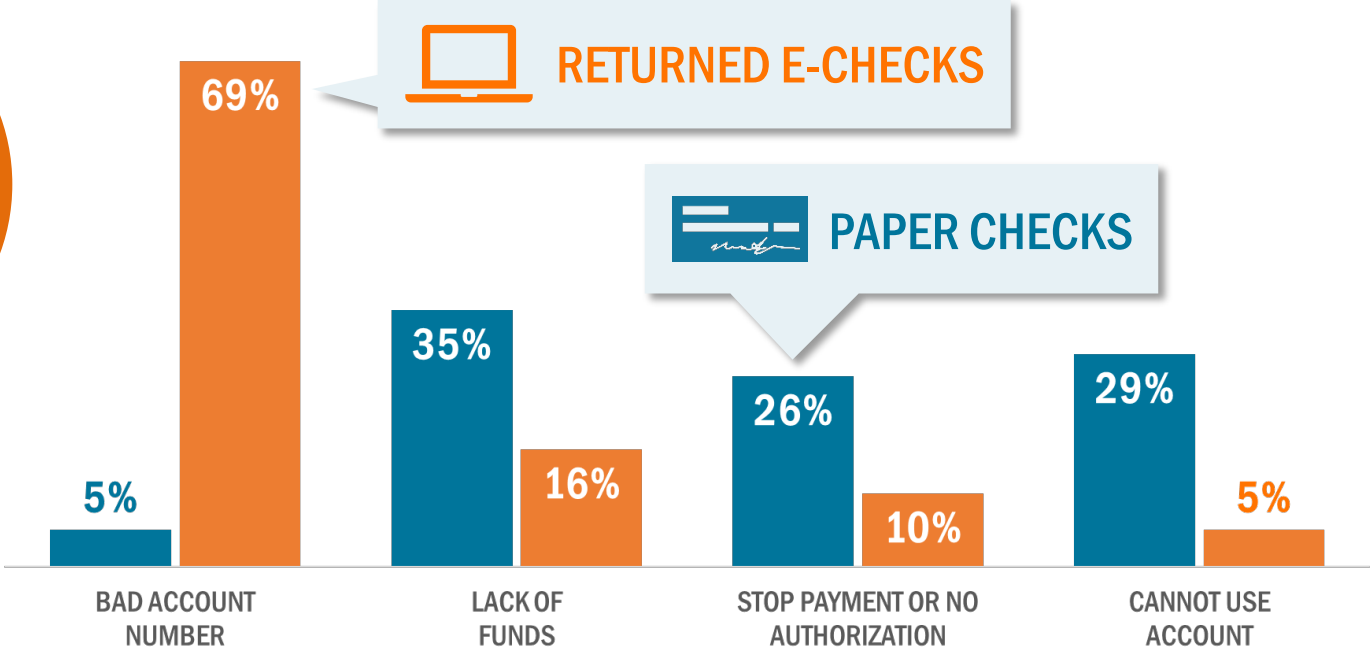
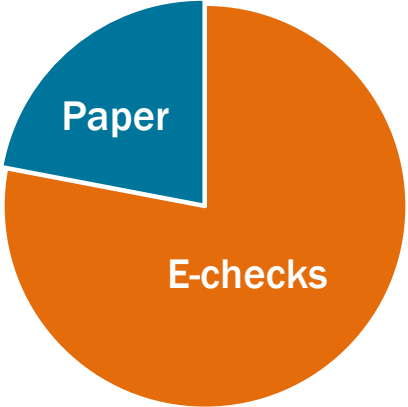
KyMBER WALTMUNSON, County Auditor

Opportunities for Improvement in Returned Check Fees, Collections

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February 11, 2025 | Government Accountability and Oversight Committee

Most returned checks were e-checks



Note: Based on a review of 3,265 paper checks and 11,261 returned e-checks from January 1, 2021, through June 30, 2024. Percentages do not add up to 100 because less common reasons are excluded. "Cannot use account" means an existing account cannot be used, for example, because it is closed or frozen.

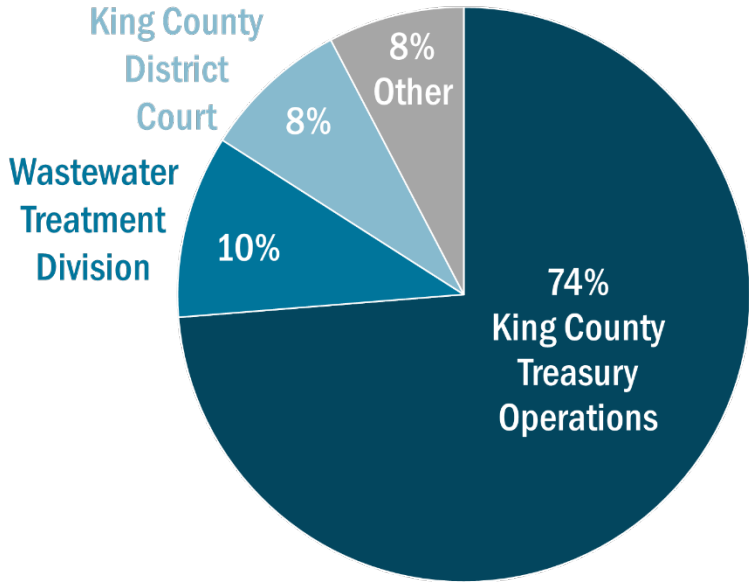
Source: King County Auditor's Office analysis



Key Takeaways

- Lack of strategic decision making
- Higher risk of inefficiency, inequity, and noncompliance
- Need to balance customer cost burdens and county revenue

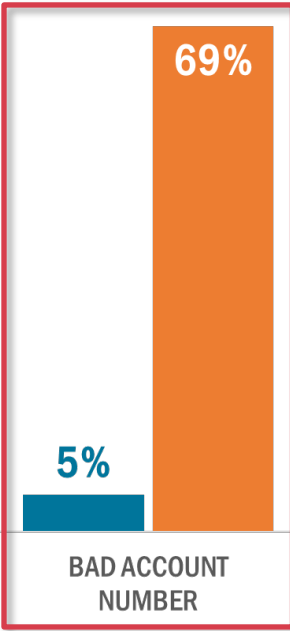
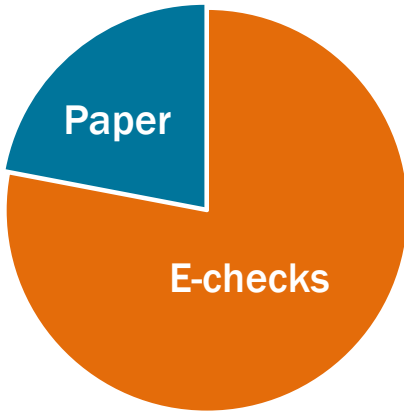
Returned checks concentrated at few agencies



Note: Percentages are of the total 14,948 returned paper and electronic checks between 2021 and 2024 for Treasury Operations, Regional Animal Services of King County, King County District Court, Parks Division, Wastewater Treatment Division, Environmental Health Services, and Department of Judicial Administration.

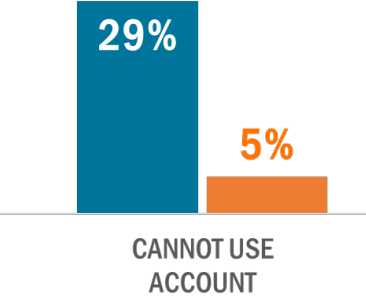
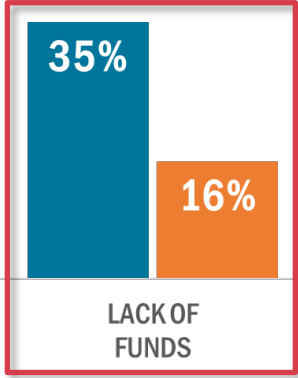
Source: King County Auditor's Office analysis

Key agencies had narrow approach to fees



Treasury charged people who paid with **paper checks**

WTD charged people with **lack of funds**



Narrow approach lowered annual fee revenue

APPROACH	NARROW (ACTUAL)	BROADER (ESTIMATED)
Treasury charged people who paid with paper checks	\$12,000	\$44,000
WTD charged people with lack of funds	\$400	\$5,000

- Broader approach may increase costs
- Agencies had not assessed cost recovery
- Fees should recover costs or have a policy rationale



Recommendation

Treasury and WTD should assess fee strategies for cost recovery, goal alignment

WTD started to apply returned check fees uniformly in January 2025.



Public Health fee too high

- Fee applied uniformly to all returned items
- Rate in use was \$35 per King County Code
- BUT higher than \$25 rate in Board of Health Code



Recommendation



Public Health should create standard operating procedures for returned checks



Agencies used collections inconsistently

- Lack of documented procedures, rationale
- Higher risk of inefficiency and inequity



Agencies used collections inconsistently

- No central guidance from FBOD
- Collections happened too early, too late
 - RASKC moved to collections twice as fast (45 days)
 - Environmental Health sent less than 1% of debt to collections



Recommendations

- FBOD should issue guidance
- RASKC and Public Health should create standard operating procedures

FBOD issued draft guidance in November 2024.



Summary

- More strategic decision making needed
- Efficiency of processes, revenue collection
- Equity of fee application
- Boost consistency and compliance



Thank you

Full report available online at
KingCounty.gov/Auditor