



**OFFICE OF THE INSPECTOR GENERAL
LAUREL, MARYLAND**

**YEAR-END PAYROLL AUDIT
SICK LEAVE BANK PROGRAM**

HUMAN RESOURCES OFFICE



OIG PROJECT NUMBER 24-YEP-01

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OG #20240522-022191




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
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FROM: DIGDEM (DEE) TOK, SUPERVISORY AUDITOR 
OFFICE OF THE INSPECTOR GENERAL

DATE: AUGUST 1, 2024

**SUBJECT: OFFICE OF THE INSPECTOR GENERAL
YEAR-END PAYROLL AUDIT – SICK LEAVE BANK PROGRAM**

OG #20240522-022191

We have performed an annual audit of a process or earnings element associated with WSSC’s payroll system. Specifically, the audit focused on the Sick Leave Bank Program. The detailed report is attached for your review. The OIG conducted the audit in accordance with the U.S. Government Accountability Office’s *Generally Accepted Government Auditing Standards (GAGAS)*. We have already discussed issues of concern with management, and their action plans are included in this report.

We appreciate the assistance provided by management and other personnel. We hope the information and recommendations presented in our report are helpful.

Attachment

cc: Chief Human Resources Officer, (M. Romney)
Chief of Staff, (N. Hickson)
Performance and Accountability Director, (R. Maloney)
Deputy General Manager External Affairs, (C. Bickham)
WSSC HRO Management, (R. Rodriguez)

EXECUTIVE SUMMARY



Why The OIG Did This Audit

In accordance with the Washington Suburban Sanitary Commission (WSSC) Office of the Inspector General’s (OIG) Fiscal Year 2024 Risk-Based Work Plan and the authority granted to it pursuant to Public Utilities Article, § 17-605 (a)(6) of the Maryland Annotated Code, the OIG conducted an audit of Year-End Payroll-Sick Leave Bank Program (SLB). The OIG conducted the audit in accordance with the U.S. Government Accountability Office’s *Generally Accepted Government Auditing Standards (GAGAS)*.

The purpose of the SLB is to provide sick leave to program members who have been out of work for 30 consecutive days due to a serious health condition and have exhausted their accrued leave.

The SLB is administered by the Human Resources Office (HRO) and a board comprising five voluntary participants. The HRO manages the program and processes the number of awarded hours the SLB Board recommends. The Board is responsible for promoting enrollment, monitoring donation leave, and awarding the hours recommended by Standards, the Third-Party Administrator (TPA).

Strategic Alignment

This report addresses WSSC’s Priority: Spend Customer Dollars Wisely.

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SICK LEAVE BANK PROGRAM WARRANTS SOME IMPROVEMENTS

What the OIG Found

The objective of this audit was to determine if WSSC is administering the SLB in accordance with Chapter 9.315, of the WSSC’s Manual of Standard Procedures, Sick Leave Bank, and any other available internal procedures and guidelines. The audit’s scope included the examination of the Human Resources Office’s management and evaluation procedures for the SLB records from January 1, 2022, to December 31, 2022.

Overall, WSSC’s Sick Leave Bank Program met its objective of offering supplementary benefits to employees who have exhausted their sick leave. The documentary evidence, however, disclosed deficiencies in the administration of the SLB. Specifically, the OIG noted the following process deficiencies:

- SLB benefits were distributed to non-participants;
- Documentation missing from the participants’ application and return-to-work process;
- Discrepancies between the recommendations provided by the TPA and the approvals granted by the SLB Board; and,
- Hours were deducted from participants in excess of SLB contribution requirements.

The OIG presented the following recommendations to WSSC’s management to enhance its policies and procedures:

- Comply with the WSSC 's Chapter 9.315; and,
- Address and Prevent Over-Contributions in the SLB Program.

WSSC management has addressed each of the OIG’s recommendations, and where applicable, presented operational improvements or provided corrective action plans with anticipated due dates. OIG accepts management’s response and will track the status of management’s remediation plan.



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BACKGROUND

In accordance with the Washington Suburban Sanitary Commission's (WSSC) Office of the Inspector General's (OIG) Fiscal Year 2024 Risk-Based Work Plan and the authority granted to the OIG pursuant to Public Utilities Article, § 17-605 (a)(6) of the Annotated Code of Maryland, the OIG conducted an audit of WSSC's Sick Leave Bank Program (SLB). The OIG conducted the audit in accordance with the U.S. Government Accountability Office's *Generally Accepted Government Auditing Standards (GAGAS)*.

Chapter 9.315 of the WSSC's Manual of Standard Procedures (SP) establishes the purpose of the SLB and its administration process. Specifically, the purpose of the SLB is to provide additional sick leave to members who have been out of work for 30 or more consecutive days and have exhausted their leave due to a prolonged illness, non-work-related injury, or other serious health condition. Upon enrollment, participants must donate eight hours of their accrued sick leave or annual leave if their sick leave is depleted. Each participant is required to contribute four hours of accrued sick leave annually, or if sick leave has been depleted, annual leave may be used to maintain membership.

The SLB is administered by the Human Resources Office (HRO) and a board comprising five voluntary participants. The HRO manages the program and processes the number of awarded hours the SLB Board recommends. The Board is responsible for promoting enrollment, monitoring donation leave, and awarding the hours recommended by Standards, the Third-Party Administrator (TPA).

To apply for SLB benefits, an employee must be a current SLB member who has contributed hours during the most recent contribution period, has a severe non-work-related health condition, and is unable to work for 30 or more consecutive calendar days. The employee's accrued sick and/or annual leave must cover the first thirty days of leave. A Sick Leave Bank Request Form must be completed and submitted to HRO with a physician's statement defining the nature of the employee's illness or injury.¹

When a request for SLB hours is received, the HRO forwards the request along with all required documents and copies of the physician's statements to the TPA. Within 10 business days of receiving the request, the TPA shall provide the HRO with its recommendation for either approval or denial of the request and a recommendation for the number of hours if approved. The HRO will communicate the TPA's recommendation to the SLB Board and the Board's decision to the participant.

¹ According to SP, §9.315.080 (a)(2), HRO is required to keep the employee's request form and the physician's statements confidential.

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Objective

The objective of this audit was to determine if WSSC is administering the SLB in accordance with Chapter 9.315 of the WSSC's Manual of Standard Procedures, Sick Leave Bank, and any other applicable internal procedures and guidelines.

Scope and Methodology

The audit's scope included examining the HRO's management procedures for the SLB Program from January 1, 2022, to December 31, 2022. To accomplish the audit's objective, the OIG performed the following:

- Reviewed the files of all SLB recipients (21), including accompanying documentation and board decisions for the period under audit;
- Reviewed applicable laws, WSSC policies, procedures, and guidelines to determine the applicable criteria for the audit;
- Interviewed WSSC HRO personnel, SLB Board Members, Finance, and IT staff responsible for the administration of the Sick Leave Bank Program to obtain information and an understanding of associated processes;
- Verified the accuracy of all hours contributed to the SLB by participants and those awarded to SLB verified applicants in the SLB Year-End Reconciliation prepared by HR;
- Assessed compliance with WSSC Standard Procedure 9.315, Sick Leave Bank, by verifying employees' applications and their supporting documentation; and,
- Examined and evaluated HRO documents and payroll data to verify that SLB hours were allocated correctly and that all accrued leave hours were utilized before the awarding of SLB hours, according to SP.

GAGAS requires the OIG to plan and perform the audit to obtain sufficient, appropriate evidence that will provide a reasonable basis for our findings and conclusions based on our audit objectives. Accordingly, based on the audit's scope and objectives, the evidence obtained during this audit provides a reasonable basis for our findings and conclusions stated herein.

Conclusion

Overall, WSSC's Sick Leave Bank Program met its objective of offering supplementary benefits to employees who have exhausted their sick leave. The documentary evidence, however, disclosed deficiencies in the administration of the SLB. Specifically, the OIG noted the following process deficiencies:

- SLB benefits were distributed to non-participants;
- Documentation missing from the participants' application and return-to-work process;
- Discrepancies between the recommendations provided by the TPA and the approvals granted by the SLB Board; and,
- Hours were deducted from participants in excess of SLB contribution requirements.

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The OIG appreciates the cooperation extended by both internal and external parties throughout this audit engagement.

FINDINGS, MANAGEMENT RESPONSES AND ACTION PLANS

Finding 1: SLB benefits were distributed to non-participants
Risk Rating: HIGH

According to WSSC SP § 9.315.040, to be eligible to participate in the Sick Leave Bank (SLB), benefit-eligible employees [must] be current SLB members. Additionally, SP § 9.315.080 (b)(1) requires an employee who enrolls at the start of employment to contribute eight hours of sick leave as earned. Alternatively, eight hours of accrued sick leave, or annual leave if sick leave is depleted, must be contributed if the employee enrolls during the enrollment period.² To continue enrollment, a participant must contribute four hours of sick leave annually, or if deficient, annual leave may be contributed.³

The OIG obtained a list of all SLB recipients (21) from the TPA and cross-referenced it with the HRO's Oracle-sourced contributors list. As a result, we found that 9.5% (2 out of 21 recipients) were not listed as contributors. We examined these employees' Statement of Earnings for the period under audit and verified that these employees collectively received 384.5 hours or 15% of the total SLB hours (2,516) for the year despite not being listed as SLB members.

HRO Management could not explain the discrepancy. HRO Management indicated that the issue could be due to the contributors list missing the total hours for long-term disability when it was pulled for SLB reconciliation. They also stated that a comprehensive analysis is needed to address and rectify these discrepancies effectively. HRO Management has not explained the issue further as of the reporting date.

These discrepancies that undermine the process outlined in WSSC SP, Chapter 9.315, impact the SLB program's effectiveness and reliability. It is essential that all eligible employees contribute to and benefit from the sick leave bank equitably. These misallocated hours have financial implications for both WSSC and its contributors.

Recommendation 1: Comply with the Eligibility requirements in WSSC 's Chapter 9.315

The OIG recommends that HRO implement a verification process to ensure all employees receiving SLB hours are registered members of the SLB and meet all eligibility requirements as outlined in WSSC SP § 9.315.040 and 9.315.080. Adhering to these procedures and implementing a verification process will help ensure that SLB benefits are distributed fairly.

² See SP, § 9.315.080 (b)(1).

³ See SP, § 9.315.080 (b)(2).

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Management Response and Action Plan (including anticipated due date):

There were two employees who did not make their annual contribution to the Sick Leave Bank although they had elected to enroll/continue their enrollment. When the hours were pulled for the annual Open Enrollment processing the two employees were on Injury Illness status. When an employee is on Injury Illness status, they have exhausted all of their leave and get skipped in various system updates such as COLA's and the hours pull.

Action Plan: If and when an employee returns from Injury Illness to an active status, COLA's are added at the time, which is noted on the employee's PAN. Similarly, HRO Benefits will ensure that when an employee returns from Injury Illness, their SLB contributions are verified. If they owe hours for the current year's participation, they will be deducted with the next hours pull. This process will be implemented effective September 1, 2024 and it will be noted in our IOP for Injury or Illness Leave.

Finding 2: Documentation missing from the participants' application and return-to-work process
Risk Rating: MEDIUM

WSSC SP § 9.315.090 outlines the procedure for SLB participants to request sick leave. Accordingly, the HRO is responsible for supplying WSSC SLB request forms to participating members to apply for SLB leave.⁴ If the participant is incapacitated, a family member or supervisor acting on behalf of the employee may submit the application form.⁵ Furthermore, the HRO must confidentially maintain these request forms and any physician's statements.⁶

The process also requires SLB participants using SLB leave to complete and submit the WSSC Return-to-Work Medical Certification Form to HRO at least 48 hours, or two business days, before their anticipated return-to-work date.⁷ The medical certification form, completed by the participant's treating physician, must specify whether the participant can resume work, either with or without restrictions.

We reviewed the personnel files of all 21 SLB recipients to verify that both the recipients and their physicians had completed SLB applications and Return-to-Work Forms in accordance with SP, § 9.315.090 (a)(2). As a result, the OIG identified that 4 out of 21 recipients' personnel files (19%) were missing the required SLB request for leave forms. Additionally, we noted the lack of Return-to-Work Forms in three participant personnel files, accounting for 14% of the total.

After consulting with the former Benefits Specialist, WSSC HRO Management stated that the "WSSC Water request form was not necessary because it didn't get sent anywhere, and HRO will probably do away with the form as it has no medical information, and it doesn't go to the SLB Board." However, WSSC HRO Management did not explain why Return-to-Work Forms were missing from three recipients' personnel files.

⁴ See SP, § 9.315.090 (a).

⁵ *Id.*

⁶ *Id.*

⁷ *Id.*

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The absence of required SLB forms in the personnel files identified in the audit indicates non-compliance with the established procedures outlined in section 9.315.090. This failure to adhere to protocol poses a risk to WSSC, particularly in cases where a physician has not cleared an individual to return to work, especially when restrictions or ongoing medical issues are involved.

Recommendation 2: Comply with the Procedures in WSSC 's Chapter 9.315

OIG recommends that HRO securely obtain and maintain all SLB documents required by Chapter 9.315 of the WSSC Manual of Standard Procedures. This includes collecting all participants' completed Return-to-Work forms at least 48 hours before their anticipated return-to-work date. Adhering to these procedures will help WSSC improve compliance with the procedures established for the administration of the SLB, promote transparency within the program, and establish a uniform and dependable process for all members.

Management Response and Action Plan (including anticipated due date):

The WSSC Water SLB Request Form does not get sent to the TPA and upon review, does not serve any purpose. When the SLB SP is updated by 01/01/2025, the requirement to complete that form will be removed because the paperwork that gets completed for the TPA is sufficient.

With regard to the 3 Return to Work (RTW) forms:

- one was located (hard copy)
- one was determined to be missing by OIG because it was unsigned, but it was electronically completed by Kaiser and accepted by HRO Benefits
- one person transitioned to ADA and while we have found emails referencing a RTW form's existence, we have been unable to locate the actual form

Action Plan: In order to be consistent and ensure that all paperwork is received, a copy of the RTW form will be placed in any electronic folder pertaining to the employee's absence. Sometimes the employee may have a folder for FMLA, SLB and/or Injury Illness for the same absence. If a RTW is received, it will be saved in all applicable folders, including those that may have an ADA accommodation. This process will be implemented effective September 1, 2024. We will update IOPs for FMLA, SLB and Injury Illness with this information.

Finding 3: Discrepancies between the recommendations provided by the TPA and the approvals granted by the SLB Board
Risk Rating: MEDIUM

According to the WSSC SP § 9.315.090 (c) (2), the SLB Board is tasked with evaluating the availability of hours for allocation to applicants of the SLB. Approval of hours is contingent on the TPA's recommendation, with a maximum cap of 30 days (240 hours).⁸ Additionally, within a 12-month period, an individual participant's SLB hour allocation is capped at 60 days

⁸ See SP, §9.315.090.

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(480 hours), with a cumulative maximum of 150 days (1,200 hours) during their tenure at WSSC.⁹ The Board shall not approve hours in excess of those determined to be medically necessary by the TPA.¹⁰

During the audit period, the OIG reviewed the 21 SLB recipients and identified 3 cases where the maximum hour allocation was exceeded. Notably, in one instance, the SLB board approved SLB hours that exceeded the TPA's recommended hours by 56 hours. The second employee received 48 hours over the TPA and board-approved recommended hours. The SLB Board approved 271.5 hours for another employee, which surpassed the 240-hour policy limit by 31.5 hours. The OIG verified that these three employees collectively received 135.5 (or 5% of the total SLB hours distributed for the year) in excess of the maximum hour allocation as outlined in the SP.

Three SLB Board members noted that during the approval process for the year, they did not receive enough evidence from the HRO to support the Board's approval decision. WSSC HRO Management emphasized that conducting a detailed analysis is crucial to determine the root causes of these discrepancies and to ensure compliance in the future.

If unchecked, non-compliance issues like these jeopardize the SLB Program's sustainability and fairness. They risk depleting SLB resources prematurely, ultimately denying other eligible employees access to the support they require.

Recommendation 3: Comply with the maximum hours limit per WSSC 's Chapter 9.315

OIG recommends that HRO management comply with Chapter 9.315 of the WSSC Manual of Standard Procedures governing the Sick Leave Bank, IOPs, and all other related policies or procedures. Additionally, we recommend that HRO establish a regular training session for the SLB Board members to enhance their understanding of the procedural requirements to ensure adherence to the policy.

Management Response and Action Plan (including anticipated due date):

- Regarding the three cases where the maximum hours allocation was exceeded:
- Case 1 – HRO Benefits did not provide sufficient information to OIG which resulted in this case appearing to have been overpaid. Upon review, we found that the discrepancy was due to the employee returning to work earlier than anticipated. The TPA provided the actual return to work date as the benefit closure date. However, the original request to the Board was made for 240 hours and was based on the TPA's approval at the time. The employee ended up returning to work early, on June 28th although the initial approval from the TPA was through July 14. HRO Benefits can provide a copy of this documentation.

⁹ *Id.*

¹⁰ *Id.*

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- Case 2 - Where an employee received 48 hours over the TPA and Board approved hours, the employee was included on a list to Payroll in December indicating to begin paying SLB hours after 1/4/22. However, there was a misunderstanding, and the hours were paid prior to that date.

In order to avoid this in the future, employees will not be added to the payroll listing until the pay period in which hours should begin. The SLB IOP will be updated to reflect this by September 1, 2024.

- Case 3 - Where an employee received 271.5 hours in total which were approved by the board, the additional hours (31.5) were approved because the request was done retroactively. Typically, requests are done at the present time and if additional hours are needed over the 240 limit, a second request is done. In this case, the request for hours was received a year later and the employee had already returned to work. The total eligible hours were known and thus, the request was made for the exact amount of time needed.

To address this situation, the SLB SP will be updated to require that requests be submitted timely. Retroactive requests will no longer be allowed. Draft revisions will be made by July 31, 2024 and should be implemented by January 1, 2025.

Finding 4: Hours were deducted from participants in excess of SLB contribution requirements
Risk Rating: MEDIUM

According to the SP § 9.315.080 (b)(1), an employee who enrolls upon initial employment shall contribute eight hours of sick leave as earned. An employee who enrolls in the SLB during open enrollment shall contribute eight hours of accrued sick leave or annual leave if sick leave is depleted. To continue enrollment, a participant must contribute four hours of sick leave annually, or if deficient, annual leave may be contributed.¹¹

We identified three employees who contributed 12 hours each to the SLB in CY 22, exceeding the stipulated contribution requirements. This over-contribution contradicts the policy, which mandates an initial contribution of eight hours for new enrollees and four hours for ongoing members.

HRO Management was unable to provide a reason for the over-contributions. Over-contributions have resulted in inconsistencies within the SLB contributions procedures.

Recommendation 4: Address and Prevent Over-Contributions in the SLB Program

OIG recommends that HRO review the SLB contributions for the three employees who over-contributed in CY22 and adjust their leave balances to rectify the excessive contributions, ensuring alignment with WSSC SP § 9.315.080. Additionally, the current SLB contribution process must be evaluated to identify and address the gap that allowed over-contributions. These

¹¹ See SP, § 9.315.080 (b)(2).

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steps will help ensure the integrity and fairness of the SLB program, which will foster trust among employees and ensure that the program operates within the procedural requirements of the policy.

Management Response and Action Plan (including anticipated due date):

Of the three employees that contributed 12 hours, 2 of the participants were new hires at the end of 2021. Ultimately, they had 8 hours deducted for being a new participant in addition to 4 hours for the Open Enrollment pull, which is correct.

The third person had 4 additional hours deducted in error. When the data was being gathered to do the hours pull, it was identified that the person was listed twice, and a note was made to remove the excess 4 hours from Oracle's processing. However, the excess 4 hours were still deducted.

Action Plan: HRO Benefits is reviewing the timing of pulling hours for new members. If an employee is hired in November and elects to participate in the bank as of 12/1, they will owe 8 hours for the current year and then 4 hours for the following year and all of those hours may be pulled in the following year. HRO Benefits will review options to modify the timing of pulling hours as well as type of hours to pull. Currently the SP allows annual leave to be pulled if the employee does not have enough sick hours. HRO Benefits will evaluate the possibility of pulling personal hours as well. Draft revisions will be made by July 31, 2024 and should be implemented by January 1, 2025.

In addition, when the OE processing is complete, HRO Benefits will verify that the Banks total hours increased by the number of hours identified in the batch. This will ensure that additional hours were not erroneously pulled. This process will be implemented effective March 1, 2025 (the next Open Enrollment hours pull).