

MARYLAND-NATIONAL CAPITAL PARK & PLANNING COMMISSION

Department of Human Resources and Management

**Sick Leave Bank Audit
Employee Health and Benefits
Report Number: CW-009-2022**

June 30, 2022

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**Department of Human Resources and Management
Sick Leave Bank Audit**

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I. EXECUTIVE SUMMARY

A. Background

The Department of Human Resources and Management (DHRM) provides executive and operational guidance to the Maryland-National Capital Park and Planning Commission (Commission). Under the leadership of the Executive Director, DHRM leads the agency through a set of best management practices, recommends and implements policy, and establishes administrative standards for efficient and effective operations. There are four offices within DHRM:

- Corporate Budget Office
- Corporate Human Resources
- Corporate Policy Office
- Risk Management and Safety Office

The Sick Leave Bank Program (Program) is a short-term, income replacement disability plan designed to provide income to employees who have exhausted all of their leave before becoming eligible and approved for long term disability. The Program is administered within the Health and Benefits Office, Corporate Human Resources.

Employees have two options for enrollment into the Program:

1. Employees may submit a manual application to Health and Benefits.
2. Employees may enroll electronically through Employee Self-Service (ESS) during the open enrollment period.

Before January 1, 2022, Commission employees were required to complete a one-year probationary period before enrolling in the Program. Once eligible, they had 45 days to enroll. Otherwise, they had to wait until the next open enrollment period.

Effective January 1, 2022, the Commission eliminated the one-year probationary period. Eligible Merit System and appointed employees may enroll in the Program within 60 calendar days of hire. Employees who do not enroll within 60 calendar days must wait until the next open enrollment period. All Program members are automatically re-enrolled each year unless they elect to end participation during annual open enrollment.

The following employees are not eligible to enroll in the Program:

- Employees covered by the Fraternal Order of Police (FOP) collective bargaining agreement are not eligible because the FOP has its own Program.

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- The Municipal and County Government Employees Organization (MCGEO) also has a sick leave program. Employees covered by the MCGEO collective bargaining agreement may enroll in MCGEO's program or the Commission's Program. They are not allowed to participate in both.

B. Objective, Scope and Methodology of the Audit

Objective

The purpose of the audit was to ensure Health and Benefits administered adequate controls over employee enrollment, sick leave contributions, and Program usage. Testing was also designed to identify opportunities to strengthen internal controls, improve operational efficiencies and help ensure compliance with Commission policies and procedures.

In addition, the audit scope was designed to identify possible fraud, waste, or abuse within the process(es) being audited.

Scope Limitation

The audit did not cover MCGEO and FOP sick leave programs.

Scope

The scope of the audit included, but was not limited to, the following audit procedures:

- Reviewed Commission Practices and Procedures
 - Administrative Procedures No. 99-05, Employees Sick Leave Bank, Effective January 1, 2021
 - Administrative Procedures No, 99-05, Employees Sick Leave Bank Program, Effective January 1, 2022
- Interviewed DHRM staff to obtain an understanding of departmental internal policies and procedures.
- Reviewed the department's process for ensuring Payroll deducts contribution hours from employees' sick leave balances in the Commission's timekeeping application, Kronos.
- Tested a sample of newly enrolled employees and reviewed their eligibility to participate in the Program.
- Tested a sample of employees who filed sick leave medical claims with the Third-Party Administrator and verified claims were supported with the required documentation.

The audit covered the period from January 2021 through April 2022.

Methodology of the Audit

Inquiry, observation, data analysis, and tests of transactions were performed to complete the audit objectives. The audit was conducted in accordance with the *U.S. Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the established audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

C. Major Audit Concerns

The results of our evaluation and testing procedures indicated no major audit concerns.

Overall Conclusions

The results of our evaluation and testing procedures indicate no major weaknesses in the design or operation of internal controls for the administration of the Sick Leave Bank Program, Department of Human Resources and Management. On an overall basis, we consider the controls to be satisfactory.

We believe all weaknesses identified and communicated are correctable and that management's responses to all recommendations satisfactorily address the concerns. It is the responsibility of management to weigh possible additional costs of implementing our recommendations in terms of benefits to be derived and the relative risks involved.

We wish to express our appreciation to the Department of Human Resources and Management staff for their cooperation and courtesies extended during the course of our review.



Wanda King
Assistant Inspector General



Renee M. Kenney, CPA, CIG, CIA, CISA
Inspector General

June 30, 2022

Conclusion Definitions

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|-------------------------------|--|
| Satisfactory | No major weaknesses were identified in the design or operation of internal control procedures. |
| Deficiency | A deficiency in the design or operation of an internal control procedure(s) that could adversely affect an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and recorded on a timely basis. |
| Significant Deficiency | A deficiency in the design or operation of an internal control procedure(s) which adversely affects an operating unit's ability to safeguard assets, comply with laws and regulations, and ensure transactions are properly executed and reported. This deficiency is less severe than a material weakness, yet important enough to merit attention by management. |
| Material Weakness | A deficiency in the design or operation of an internal control procedure(s) which may result in a material misstatement of the Commission's financial statements or material impact to the Commission. |

II. DETAILED COMMENTARY AND RECOMMENDATIONS

1. Health and Benefits Should Verify Enrollment Eligibility

Issue: Two (2) of 10 sampled employees who enrolled in the Program through Employee Self Service (ESS) during the 2020 open enrollment period were not eligible for Program membership. The identified employees did not complete the required one-year probationary period upon being hired as a Career employee.¹

Cause: At the conclusion of the enrollment period, Health and Benefits did not run a report out of the Infor system application to identify employees who elected Program coverage and enrolled via ESS. Manual review of the report would have disclosed employees who were not eligible for membership.

Criteria: Employees who enrolled in the Program for effective date January 1, 2021 were required to complete a one-year probationary period. They were required to enroll within 45 days of completing the probationary period and attaining Career status. Otherwise, they were required to wait until the next open enrollment.

Issue Risk: Low

Recommendation: We recommend Health and Benefits management review eligibility criteria for employees who enrolled in the Program through ESS in 2021. Most, if not all, of those employees may now be eligible. However, management should determine if any of the identified employees submitted disability medical claims to Third-Party Administrator, Metropolitan Life Insurance Company, while ineligible for enrollment.

Management Response: Management thanks the OIG for conducting this audit. We agree with the findings and have corrected the effective date of coverage for the two employees identified and thirteen others identified upon further review of all employees who used ESS to enroll in the SLB for 2021. We also confirmed that no claims for SLB benefits were submitted for any of them. In addition, we reviewed the coverage effective date for all members who submitted claims in 2021 and they were all eligible.

Expected Completion Date: June 30, 2022.

Follow-Up Date: A Follow up Audit is not required for Low risk issues.

¹ Employees may have both a hire date and an adjusted hire date. For example, an employee may be initially hired as a Seasonal employee. Due to a position change the employee may later become Career. The date the employee becomes Career is the Adjusted Hire Date. Therefore, the one-year probationary period countdown begins on the employee's Adjusted Hire Date.