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Internal Auditor's Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 99-2019, the Office of the Internal Auditor (IA) has conducted an audit of the Wicomico County Sick Pool Program. A report is submitted herewith. The purpose of the audit was to gain an understanding and evaluate the County's Sick Pool Program.

IA extends appreciation to Management and Staff in Human Resources for their timely assistance, cooperation, and candid assessment of the County Sick Pool Program.

Respectfully submitted,

J. Stephen Roser, CPA

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Audit Report

Background

The Auditors performed an audit of the sick pool program. The sick pool exists to assist employees who become unable to work due to medical reasons for an extended period and have used all accumulated leave. The County Personnel Manual contains protocols for the sick pool in §1507(m)¹. Eligible employees can participate by donating accumulated sick time to the pool per prescribed protocols. A seven-member committee appointed by the HR Director makes decisions to approve or deny requests by majority vote.

Objectives

The objectives of the audit were to:

1. Gain an understanding of sick pool protocols
2. Determine the adequacy of administrative oversight procedures
3. Determine if approving officials adequately review, approve, and certify for payment any funds related to the sick pool
4. Gain an understanding and evaluate the adequacy of accounting for sick pool accruals

Scope and Methodology

The audit period examined was calendar year 2017 to date. The Auditors conducted Inquiries with appropriate personnel as well as examination of various documents and system information pertaining to the County sick pool arrangement and accounting:

- Codification of the sick pool rules and regulations
- Accounting records related to sick pool accruals
- List of participants
- Minutes of County Sick Pool Committee meetings
- Schedules of requests for and payments from sick pool funds
- Committee decision documentation
- Annual participation statistics

General Statistics and Highlights

The following matrix summarizes the test period (January 2017 to October 2019):

	Number of Requests	Total Hours
Normal Approval	31	8,133
Normal Denial	14	3,530
Approved - not in pool	10	2,872
Total	55	14,535

¹ Please see Personnel Manual language presented in Appendix I for further information

Seventy-five percent of all employees requesting sick pool hours for the 34-month period were granted their requests. Comments on some of the request documentation indicated that the committee relied heavily on any Department Head recommendations when making decisions.

Selected Findings

Accumulated Sick Pool Bank

According to HR, there are currently 63,991 hours in the accumulated sick pool bank. The Auditors were unable to tie out the balance because the Munis module containing sick pool activity has limited historical data. The county established a module for tracking Sick Pool hours in Munis during FY2016. Munis Sick pool hours do not have an associated monetary value, and do not appear as a liability on the countywide financial statements. Additionally, the auditor-assessed risk of any malfeasance resulting from possible misuse of the program is low.

Annual Usage

The Auditors calculated hourly contributions and usage over the test period (January 2017 to October 2019):

Contributions	8,032
Usage	8,055

The result was a decrease in the total available pool balance of 23 hours. Contributions and usage were consistently similar over the test period.

Conclusion

Based on the information gathered in this process the administrative oversight over the County Sick Pool Program is at a satisfactory² level of internal control and compliance for the stated purposes.

Management Response

As far as the draft Sick Pool Audit, page 4 under Selected Findings I believe together we discussed the MUNIS module was not available until the version that was updated for 2017, the current balance of donated hours shown in the first paragraph is from historical records and well above any annual usage noted in the second paragraph. We also attribute this to the increased education HR provides to

² For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the IPPF Practice Guide issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.

employees about benefits. In the footnote on page 4, it states satisfactory as the highest rating on the scale and we accept that rating. We appreciate your acknowledgement of our cooperation.

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from the Department of Human Resources for their timely cooperation and assistance during the audit.

Appendix I – County Personnel Manual §1507(m)

Sick Leave Pool, §1507(m). A “County Sick Leave Pool” will be developed through the voluntary contribution of one (1) workday’s sick leave hours by eligible employees electing to do so on January 1, of each year.

- 1) The “County Sick Leave Pool” may be used by eligible employees who have contributed to it and:
Have successfully completed their initial six month probation;
Have a legitimate illness, disability or condition, as determined by the “County Sick Leave Pool” Committee made up of County employees who are members of the pool;
Have exhausted their normal sick leave, catastrophic pool, annual leave, holiday leave and compensatory time (if any);
Have submitted Form HR-16 and HR-16a, with their Department Head’s comments to the “County Pool Committee” requesting the pool’s use, the reason for the request, and the amount of time requested, and medical certification;
Have had the request approved by the committee.*
- 2) The “County Sick Leave Pool” committee members will be randomly selected by the Human Resources Director from the voluntary contributors. On receipt of requests for use of the “County Sick Leave Pool”; the “committee” may approve, deny, or modify the request and so advise the requesting employee and his Department Head.*
- 3) On January 1, of each year those eligible employees who have successfully completed their initial six (6) month probation and have used no more than five (5) non-physician documented working days of sick leave (not to exceed 40 hours) during the preceding six (6) to twelve (12) months depending on hire date may:
Accumulate their sick leave in a normal manner, or
Contribute one workday’s hours of sick time (not to exceed eight [8] hours) to the “County Sick Leave Pool” and accumulate the rest in a normal manner*
- 4) When a member of the “Pool” does not qualify, he may petition the “Committee” for consideration. The “Committee” will then consider the facts of the petition and will allow or disallow participation and so inform the petitioner.*