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**INDEPENDENT INTERNAL AUDITOR'S REPORT ON APPLYING AGREED-UPON
PROCEDURES FOR SICK TIME ANALYSIS**

Members of the Northampton County Council
John Stoffa, County Executive
County of Northampton, Pennsylvania

At the request of the County Executive, we have performed the procedures enumerated below, which were agreed to by the County of Northampton Administration solely to assist you with the County of Northampton employees' Sick Time Analysis. Management is responsible for ensuring that sick time is properly accounted for according to County policies and procedures and collective bargaining agreements. This Agreed-Upon Procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. **Procedure:** Analyze sick time usage and report on average sick time taken for the various County Departments.

Findings: Statistics were compiled for 2004 through 6/30/2011. The following was found:

- The report that our office was instructed to use for data extraction by Fiscal Affairs had inaccurate information. This calls into question the validity of other reports in the new ERP computer system.
- Sick time used approximates 2% of the total County payroll hours annually. See **Exhibit 1**.
- See **Exhibit 2** for detail of average sick hours per employee by division for 2004 through 2010. This analysis showed employees take an average of 54 hours of sick time per year.

- During the period 2004 – 2010, the highest level of sick time occurred during 2004 and 2005. See **Exhibit 3**.
- Prison Correction Officers who do not use sick time during the year receive additional personal days. These Correction Officers also receive cash bonuses called “stipends”. As of 1/30/2008, a cash bonus of \$500 is paid to any Corrections Officer who does not use sick time from 1/1 to 6/30 and 7/1 to 12/31. Prior to this change, Prison Correction Officers received \$250 for each calendar quarter no sick time was used.

Prison Stipend payouts dropped dramatically upon a change in policy effective 1/30/2008. However, after hitting an all time low in 2008, total dollars paid out annually have returned to the level before the change in policy. See **Exhibit 4**.

- Payouts of sick time at retirement have risen steadily with a record number of retirees in 2010. See **Exhibit 5**.

2. **Procedure:** Benchmark with various organizations to collect statistics on sick time usage to compare to the County’s actual sick time usage.

Findings: NACo and CCAP were not able to provide statistics on sick time usage from their members for comparison to the County’s statistics. However, the Bureau of Labor Statistics (BLS) does maintain a data base of various types of information and did have the number of days absent per year based on national averages. The County’s average annual number of days absent per employee exceeds the BLS national average every year from 2004 through 2010 by 1 to 3 days. See **Exhibit 3**.

3. **Procedure:** Benchmark with various organizations to determine if there are any educational programs or additional controls that can be utilized by the County to reduce sick time taken.

Findings: Per a discussion with NACo, they have seen a trend in organizations going to Paid Time Off (PTO) in lieu of the various categories of leave time. Two of the five organizations that responded to the Association of Local Government Auditors listserv posting responded they have gone to PTO for new hires but kept it optional for the current workforce.

The organizations that responded stated they experienced the following with regard to sick time usage:

- Misuse of sick time prior to retirement due to the way sick payouts were structured at retirement between different classes of workers.
- Charging time off to vacation rather than sick time to boost overtime pay.
- Excess sick time was discovered when considering employee’s years of service.
- Multiple instances of sick time before or after a holiday or vacation.

The organizations responding had the following recommendations:

- Management should use attendance reports to review sick time usage.
- Maintain adherence to policy.
- Reinforce requirements for medical certification.

None of the counties surrounding Northampton County have gone to a PTO system for leave time to employees. Lehigh County is the only county that continually monitors their employee's sick time usage, tracking departments with high incidents of sick time usage, and length and number of episodes by employee.

4. **Procedure:** Perform an analysis of the sick time data to determine what abuse, if any, is occurring with regard to County of Northampton employee sick time.

Findings:

- Perfect attendance calculations
This could not be reviewed due to personnel constraints in Human Resources.
- Patterns of sick leave
An analysis of sick time by day of the week revealed that the Monday – Friday employees had the highest incidents/hours of sick time consistently on Monday and Tuesdays, respectively. The Prison and the Juvenile Justice Center had the highest rate of sick time on Wednesdays – the day of the week in which all employees are scheduled to work. Gracedale had the highest incidents of sick time on Fridays and Tuesdays, respectively. Whereas, E-911 sick time is concentrated toward weekends, with the highest incidents occurring on Sunday and Thursday of the Thursday through Sunday time period.

Sick time taken immediately before or after a paid non-working holiday was analyzed. In general, approximately 15% of the total County workforce has some sick time at holidays. In particular, Mental Health, Developmental Programs, Children Youth and Families, and Aging had the highest percentage of employees utilizing sick time at holidays. In addition, there were 51 employees that consistently had sick time at holidays for 5 of the 7 years (2004 – 2010) analyzed.

Sick time on the Monday immediately following Thanksgiving was analyzed. On average 62 employees take some amount of sick time on that Monday. The divisions with the highest number of sick time hours are Gracedale, Children Youth and Families, Prison, Developmental Programs and Aging.

- Accumulated sick leave balances
While analyzing sick leave accrual balances, it was discovered that there were 35 employees (2% of workforce) that were carrying a negative accrual balance mainly from Sheriff, Gracedale and Prison divisions. Negative balances ranged from 2.0 to 143.25 hours. There were also 58 employees (3% of workforce) with a zero sick leave accrual balance. The reason for a negative or zero sick leave balance was not determined. See **Exhibit 6** for more detail.
- Family sick leave
Our analysis did not uncover anything that would suggest there was abuse of this payroll code.
- Length of sick leave occurrences
A data file of employees with greater than 10 sick days per year was compiled for 2004

through 2010. See **Exhibit 7** for a summary of the number of total employees with sick time every year and the number of employees with 10 or more sick days per year. Due to the enormous volume of employees with 10 or greater sick days a year, it was not possible to analyze this data to determine the length of each sick leave occurrence. It was noted that there were many instances of sick time for an extended period of time in which Family Medical Leave (FMLA) could apply but the FMLA codes were not used to record sick time taken. FMLA was not within our scope of work.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the County of Northampton Sick Time Analysis. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the County of Northampton, Pennsylvania and is not intended to be and should not be used by anyone other than these specified parties.



Stephen J. Barron, Jr., CFE
County Controller

December 16, 2011



Kathleen A. Kuzma, MBA, CPA
Lead Auditor

cc: D. Hamann, Acting Director of Fiscal Affairs
P. Siemiontkowski, Director of Human Resources
T. Brennan, Solicitor, Controller's Office
Press

TOTAL SICK TIME HOURS AND DOLLARS BY YEAR

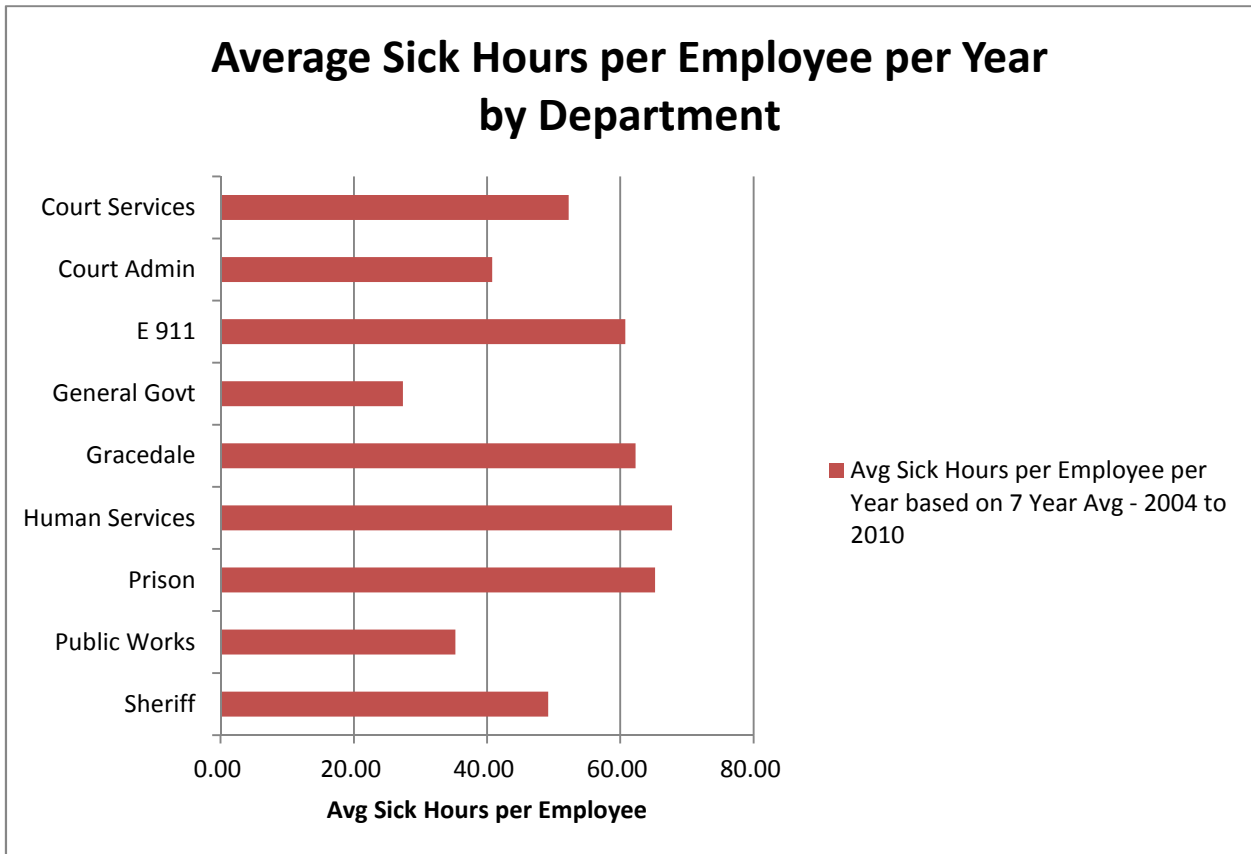
YEAR	Head Count Active EE's FT Only	Head Count Active EE's FT & PT	Total County Payroll		② Combined Sick Leave (Sick and Family Sick) Codes 18 & 20 / 3201 & 3200			① Sick No Pay	Combined Sick Including No Pay Hours Total Hours	% Sick Hours to Total Hours Worked
			Hours	Dollars	# EE's	Hours	Dollars	Hours		
2004	1,556	2,060	5,679,574	63,982,284	1,451	111,883	1,802,686	42,909	154,793	2.73%
2005	1,604	2,089	5,747,596	66,328,514	1,463	107,722	1,767,246	41,508	149,231	2.60%
2006	1,675	2,132	6,000,846	70,112,739	1,485	92,512	1,528,736	26,498	119,010	1.98%
2007	1,730	2,214	6,197,520	77,250,719	1,532	94,459	1,604,933	28,717	123,177	1.99%
2008	1,752	2,208	6,291,241	82,871,869	1,584	93,971	1,690,532	33,074	127,045	2.02%
2009	1,799	2,240	6,334,278	86,464,159	1,658	100,872	1,887,253	30,240	131,112	2.07%
2010	1,708	2,091	6,087,265	86,188,631	1,698	106,062	2,013,873	16,230	122,292	2.01%
2011 thru 6/30/2011	1,710	2,156	2,927,960	43,230,977	1,408	51,525	1,015,794	NA	NA	NA

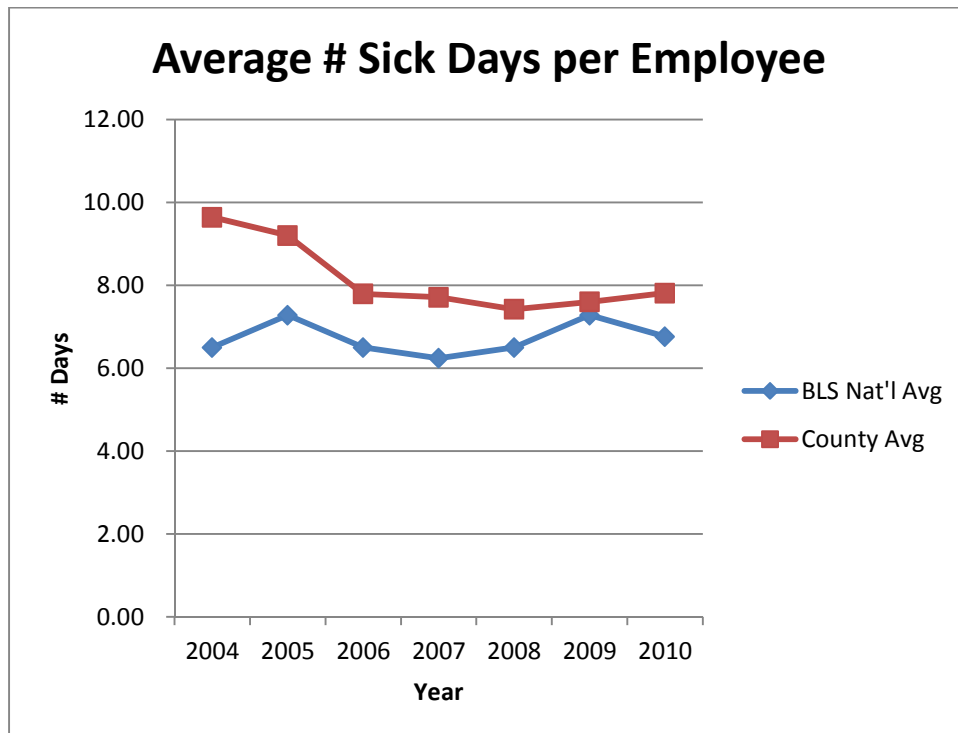
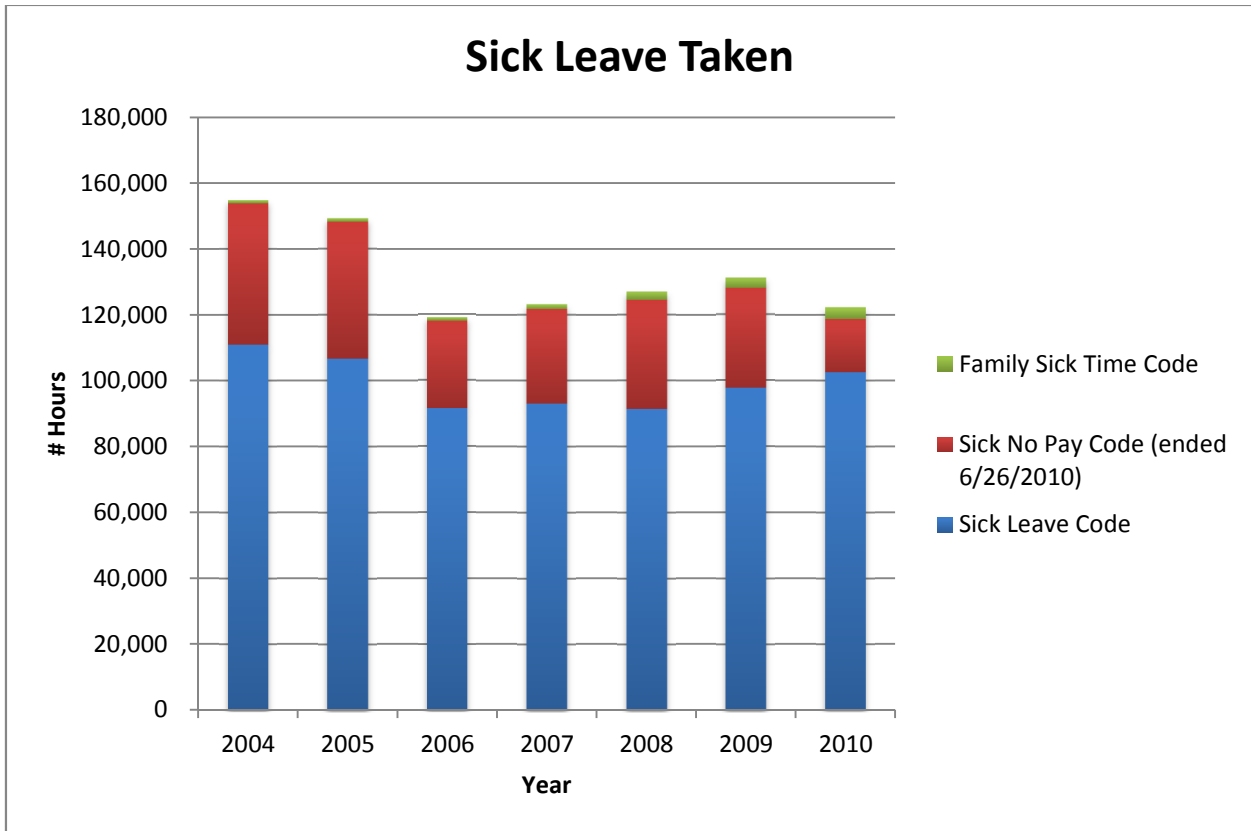
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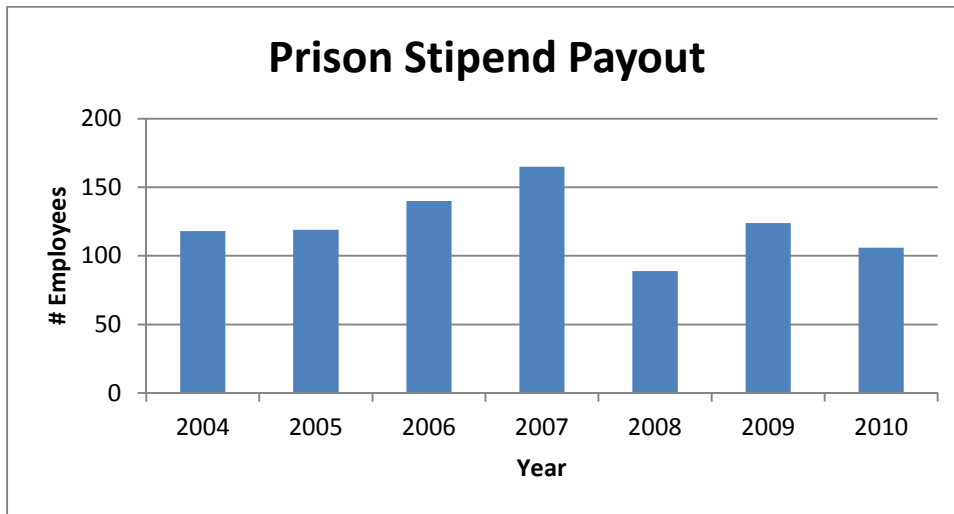
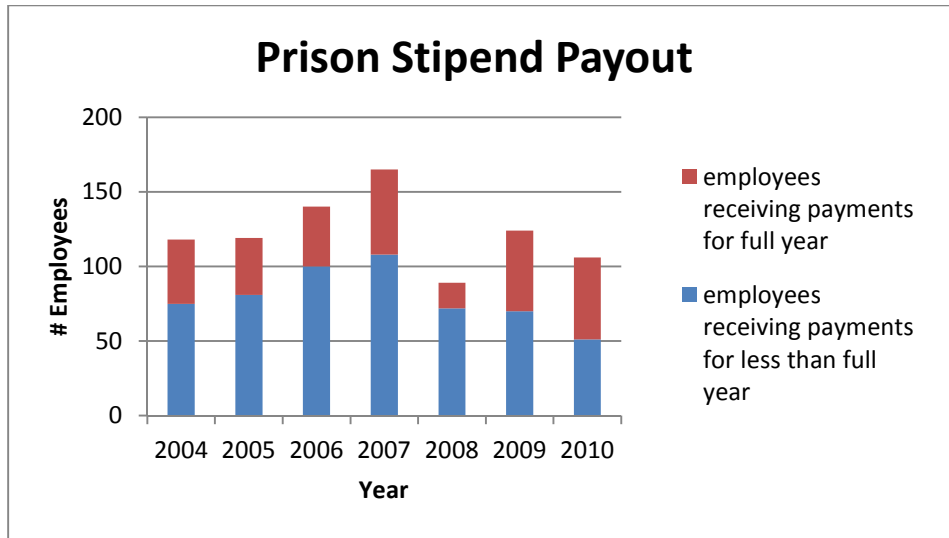
The Sick No Pay payroll code was discontinued as of 6/27/2010. Hours are now posted to a general No Pay payroll code.

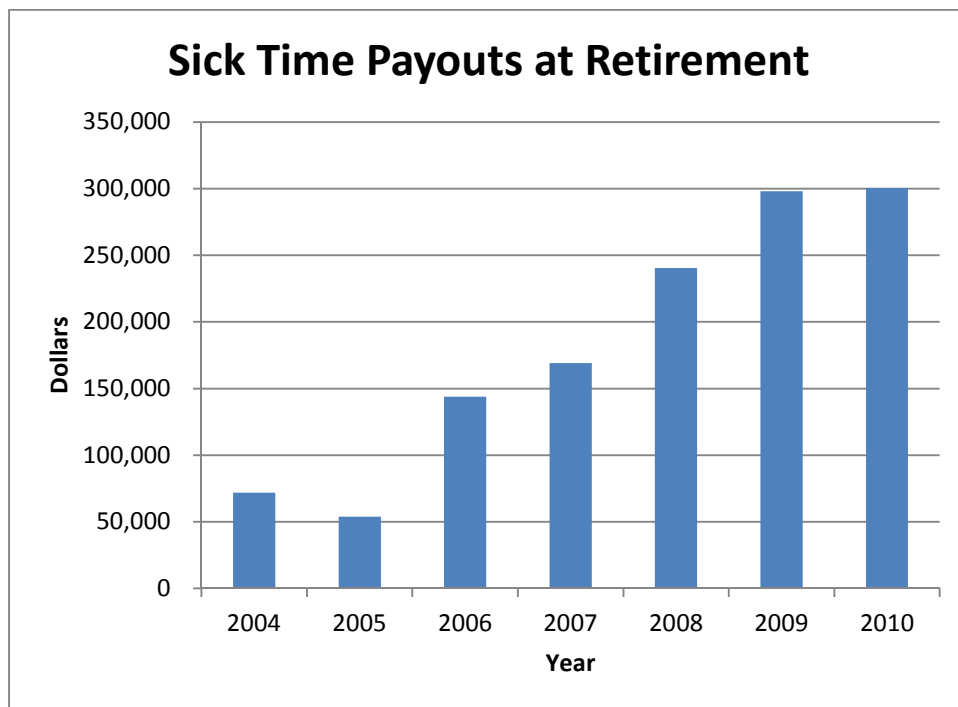
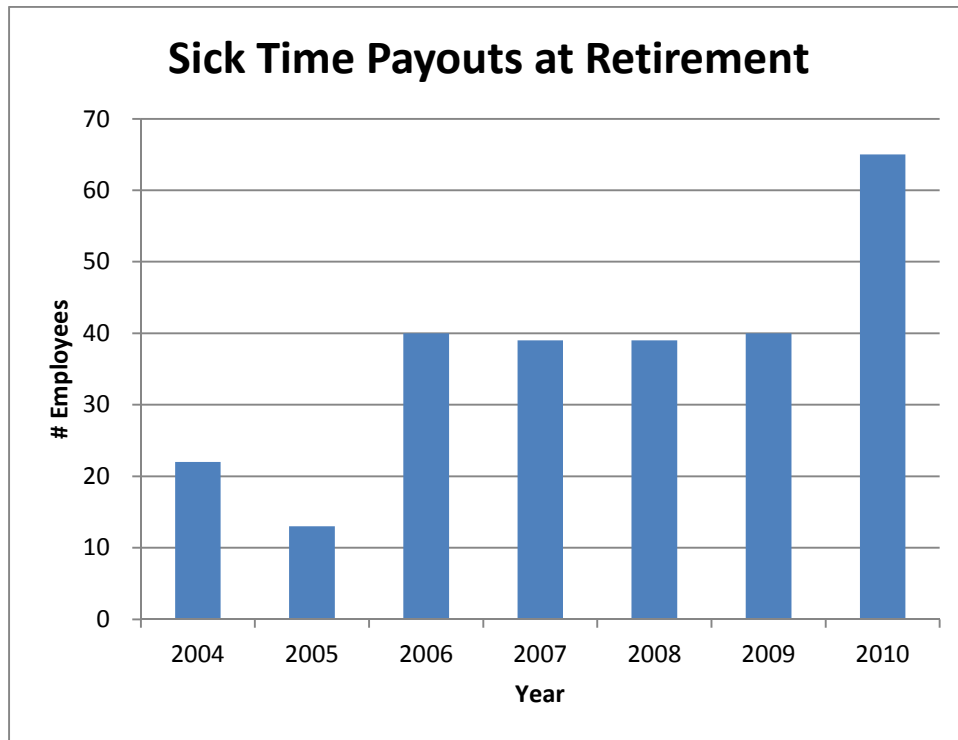
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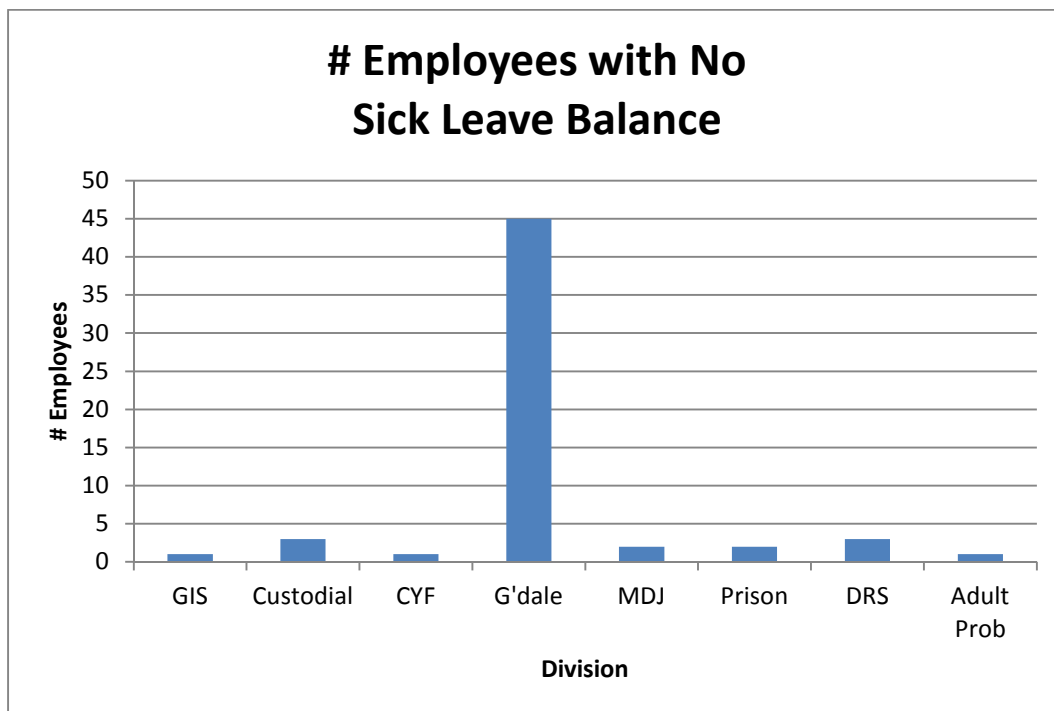
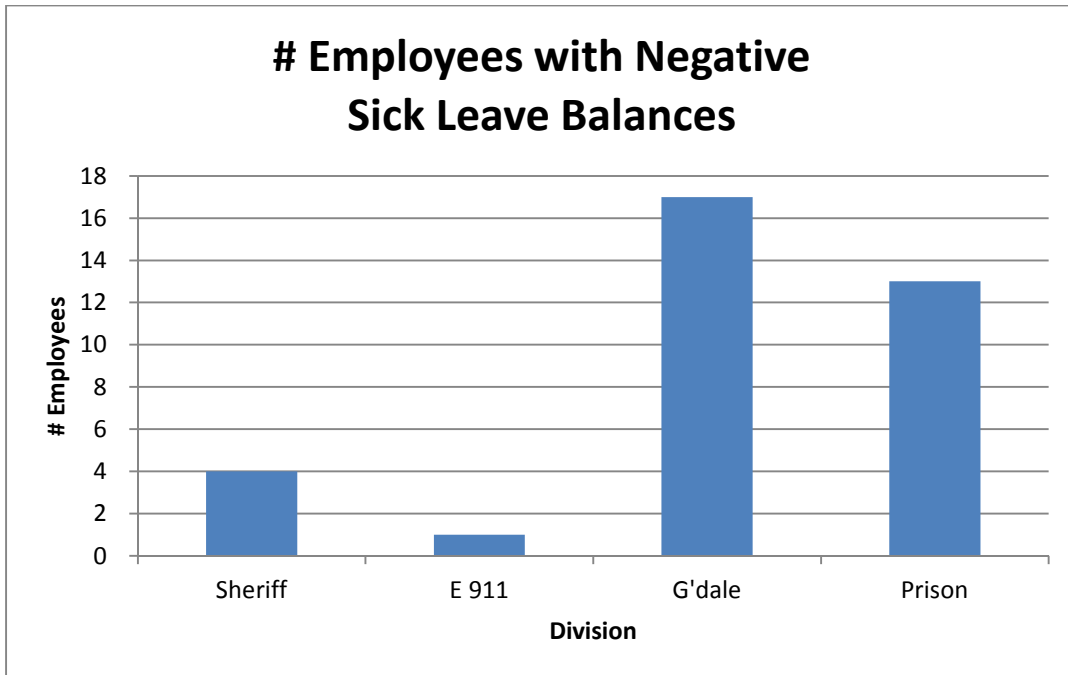
The first 1 to 7 days of approved absences for workers' compensation claims are charged to sick leave. Thereafter, time off is charged to worker's compensation pay codes. The total of workers' compensation days coded to sick leave cannot be determined.











Employees with > 10 Instances of Sick Time Per Year

	<u>Total # Employees with Sick Time Instances</u>	<u>Total # Employees with > 10 Instances of Sick Time</u>	<u>% Employees with > 10 Instances to Total Employees</u>
2004	1,712	756	44.16%
2005	1,729	716	41.41%
2006	1,762	624	35.41%
2007	1,792	627	34.99%
2008	1,773	679	38.30%
2009	1,812	736	40.62%
2010	1,701	704	41.39%
Avg. % Workforce with > 10 Instances per Year			<u><u>39.47%</u></u>