



Internal Audit Department

Annual Audit Report Follow-Up
Office of Human Resources
Sick Leave Bank

May 8, 2025

Washoe County School District
Internal Audit Department
Annual Audit Report Follow-up
May 2021 AUDIT OF THE OFFICE OF HUMAN RESOURCES
SICK LEAVE BANK
May 8, 2025

Background

At the request of District leadership and at the direction of the WCSD Audit Committee we audited the Sick Leave Bank program facilitated by the Office of Human Resources (Office). The Sick Leave Bank program is a pool of sick leave time contributed by participating District employees.

The purpose of the Sick Leave Bank program is to attempt to alleviate economic hardship brought upon an employee by an illness or injury. The program allows participating employees, who have exhausted all their leave, to draw additional paid leave from the bank that has been donated by other employees. This provides continuation of pay for a limited period of time while the program participant is unable to work; otherwise, the employee could be on unpaid leave status. Participation in the program is voluntary. Participant requests and approvals for bank usage are received and approved/denied by the respective bargaining units.

Human Resources does not have any responsibility for the application process or the acceptance and denial of decisions pertaining to Bank usage. Instead, each bargaining unit individually retains authority for the guidelines and approval and denial responsibilities. Human Resources facilitates the deduction of Bank usage for participants and periodically reconciles Bank usage and Bank balances with each bargaining unit. In some past years (e.g. 2009-2017), usage outpaced contributions for some bargaining units, resulting in negative balances.

The objective of the audit was to determine whether procedures are in place to ensure there is available time in each sick leave bank prior to approval.

Overall, we found that program processes were being followed and the Office proactively increased administrative measures to improve program governance. However, the audit identified several recommendations to increase assurances that sick leave bank time will be available when needed.

The report resulted in four recommendations designed to improve the viability and effectiveness of the program. Specifically, we recommended:

1. Human Resources should administer the program and standardize guidelines.
2. Program paperwork should be secured to protect personally identifiable information.
3. The Office should consider requiring:
 - a. Annual employee contributions to the bank by all participants;

- b. Additional contributions of participants based upon usage; and
- 4. Consider allowing separating employees to transfer some accumulated sick leave to the bank.

Please be aware that in the original report we outlined that the proposed recommendations from items 3 and 4 can be implemented individually or in a variety of iterations to arrive at the goal of protecting the viability of the Bank. The department is best positioned to determine the appropriate course.

The report was presented to and accepted by the Audit Committee on May 20, 2021, and the Board of Trustees on June 22, 2021. This is the second follow-up to the original report. This report addresses each of the above four recommendations.

Methodology and Report Format

Office management is responsible for taking actions to address audit findings. The Internal Audit Department (Department) evaluates and reports on the adequacy of management's efforts taken to address the identified issues. Some points to consider regarding management actions are as follows:

- Some corrective actions may take considerable time to fully implement and sometimes may require effort from multiple departments.
- For some audit findings, management may decide to assume a risk rather than try to mitigate it. If, according to management's judgement, the benefits of corrective actions do not outweigh the implementation costs, this may be a reasonable approach. However, if in the judgment of Internal Audit, this approach would subject the district to increased risk, we would report such to the Audit Committee and the Board of Trustees.

To prepare this report, we met with the Office's Chief Human Resources Officer and Human Resources Manager to evaluate the status of each audit recommendation. This report contains the original finding, recommendation, and the Department determined implementation status of the recommendations. For purposes of reporting the implementation status of each prior audit recommendation we use the following terminology:

- Fully Implemented – Signifies the recommendation has been completely implemented, either as described in the report or in a manner that resolves the underlying issue.
- Partially Implemented – Reflects the department has taken steps to implement the recommendation, is in process of implementing, and intends to fully implement the recommendation.
- Not Implemented – This status is reported when a department has not taken any steps to implement the recommendation.
- No Longer Applicable – Refers to a set of facts where operational circumstances have changed, and implementation of the recommendation is either no longer feasible or reasonable.

The implementation status of the four recommendations is summarized below:

Status of Four Prior Audit Recommendations

Item #1: The Sick Leave Bank Program is Decentralized Without Standard Guidelines

Finding Details:

The District does not have written policies and procedures for administration of the Sick Leave Bank program as a whole. Instead, each of the five bargaining associations participating in the Program has its own set of guidelines. This is because the District and the bargaining associations have negotiated to operate their own versions of the Program. We surveyed several other Council of the Great City Schools and most reported Human Resources managed their program while allowing the bargaining associations to make decisions on the approval or denial of granting requests for the usage of Bank hours. They represented they do this to have process uniformity and to better protect confidential employee information.

Recommendation:

Human Resources should administer the Program and create standardized operating policies and procedures.

Status:

Partially Implemented

Discussions with the Chief Human Resources Officer and the Human Resources Manager indicated the Program is considered an employee benefit, and, as such, changes must be negotiated with each bargaining unit. Although the Department has now established a process to monitor all the sick leave bank account balances of each bargaining unit, and provides account balance status updates to each bargaining unit, no mechanism is in place to prevent the past problem from repeating itself. Specifically, sick leave bank requests could be granted in excess of bank balances, and no policy exists to prevent this. As a result, this item is considered Partially Implemented.

Item #2: Program Related Personally Identifiable Information is Not Secured

Finding Details:

New participants register for the Sick Leave Bank program by completing enrollment forms supplied by their designated bargaining unit. The completed forms are accepted and maintained separately by each of the respective bargaining units, and under their own set of guidelines. During our interviews with some bargaining unit staff we observed program enrollment paperwork was maintained in an unsecured manner that did not provide proper security over sensitive employee information.

Recommendation: Secure all Program documents within the Department; and limit access to confidential employee information to those needing it to perform their duties.

Status: **Fully Implemented**

Discussions with the Human Resources Manager, bargaining unit leadership, and an examination of the various bargaining unit program enrollment forms revealed enrollment forms no longer contain employee social security numbers and are now digitally scanned and forwarded to the Department upon receipt. Based upon these actions, this item is considered Fully Implemented.

Item #3: Not all Members Make Continuing Contributions to Participate in the Program

Finding Details: Sick Leave Bank guidelines are separately contained within each bargaining unit agreement. The agreements each provide that participants make an initial contribution upon voluntary enrollment. After that, other than for WESP members, no contributions are required unless a bargaining unit determines its balance has reached a designated minimum threshold. Further, sick leave bank members are not required to replenish any days used even if they use up to the maximum allowable days. If the sick leave bank is not routinely replenished, an unexpected or significant usage of days could contribute to a rapid decrease in bank days available for use by other employees of the bargaining unit. We surveyed other school districts and found some require annual contributions of at least one sick day per year for continuing members. Other surveyed schools represented they require members contribute additional days based upon usage. These districts represented they do this to maintain sufficient available bank balances to ensure members have access to the benefit of the program when needs arise.

Recommendation:

- a. The Department should consider requiring annual contributions to the Sick Leave Bank from all participants from each bargaining unit.
- b. Consider requiring an additional contribution of days by any participant who withdraws days from the bank during the prior year.

Status: **Fully Implemented**

Since calendar year 2023, the District and each of the bargaining units established updated collective bargaining agreements. Most bargaining units now require ongoing contributions, and some have included limitations on annual and lifetime usage by participants. Please also see *Appendix A* to this report for more detail pertaining to each bargaining unit and their decisions on a variety of iterations related to this recommendation and recommendation #4 below to arrive at the goal of protecting the viability of their Banks. Based upon the above, this item was considered by the parties, and, as such, will be considered Fully Implemented.

Item #4: Separating District Employees Can Donate Only One Unused Sick Day to the Bank

Finding Details:

Current bargaining agreements only allow separating members to donate a maximum of one unused sick day to the sick leave banks. When sick leave is donated to the Bank it becomes unavailable for subsequent payout upon an employee separating from the District. We surveyed other school districts and found some allow separating employees to donate varying amounts of accumulated sick leave to their organizations sick leave pools. Offering separating employees the ability to donate an increased amount of their accumulated sick leave may increase the viability of the sick leave bank and potentially reduce District sick leave payouts.

Recommendation:

Consider allowing separating District employees to donate a portion of their accumulated sick leave to the Bank.

Status:

Fully Implemented

Since calendar year 2023, the District and each of the bargaining units established updated collective bargaining agreements. Most bargaining units now allow for a donation of sick days by separating employees. Please also see *Appendix A* to this report for more detail pertaining to each bargaining unit and their decisions on a variety of iterations related to this recommendation and recommendation #3 above to arrive at the goal of protecting the viability of their Banks. Based upon the above, this item was considered by the parties, and as such will be considered Fully Implemented.

Appendix A

Recommendation #3 Periodic Bank Contributions

	WEA	WSPA	WESP	WCSPOA	WPTA	SPAW
Annual Contributions	X		X	X		X
Special Assessments	X	X	X		X	X

Recommendation #4 Allow Bank Donations Upon Separation

	WEA	WSPA	WESP	WCSPOA	WPTA	SPAW
Separating Donations Allowed	X	X	X	X	X	X