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To: The Honorable John McLeod, President of the Council
The Honorable Jay Musleh, President Pro Tem
The Honorable James P. Hilty, Sr.
The Honorable Brent Malever
The Honorable Mary Sue Rich
The Honorable Kent Guinn, Mayor
Matthew Brower, City Manager

Date: June 3, 2014

Re: Paid Time Off Policy Review


On February 21, 2012, City Council adopted the revised Employee Handbook which required all general employees that were not vested to have vacation and sick leave converted to Paid Time Off (PTO) and allowed vested employees the option of converting from vacation and sick leave to PTO. Vested employees that did not convert at initial implementation of PTO have the option to convert to PTO at any time.

As requested by Management, we reviewed the conversion of vacation and sick leave to paid time off process, validating that all non-vested employees were converted, requests for conversion of vested employees were processed correctly, and PTO is accrued at the applicable rate. We also reviewed the system calculation of PTO carry forward up to the maximum amount set forth in the Employee Handbook at the end of the calendar year. If an employee takes PTO during the last pay period of the calendar year, the system calculation of the carry forward balance may be affected. We validated that Human Resources appropriately verified each employee's carry forward balance and made any necessary corrections for the 2013 calendar year end. We identified four incorrect carry forward calculations for the end of calendar year 2012 that have not been corrected. Human Resources is correcting the 2012 carry forward errors identified during the review and will work with system technical support to ensure proper system set-up to avoid future errors in system carry forward calculations.

Per the Employee Handbook, the City Manager has discretion to allow employees to carry forward PTO up to 60 days into the next calendar year. This approval is not standardized or consistently documented. Human Resources is developing a standardize form to request carry forward beyond the maximum and allow the City Manager to formally authorize and document all PTO carry forward requests.

We appreciate the assistance provided by Human Resources, especially Hope Maynard, Benefits Specialist.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.



Jeanne Covington, Internal City Auditor

c: Sandra Wilson, Assistant City Manager, Support Services
Jared Sorensen, Director, Human Resources and Risk Management