

**Maryland State Retirement Agency
Compliance Review of Participating Employers
Specific Findings and Recommendations by LGE**

Name of Employer: Howard County Public Schools

Location Code(s): 7801/7802

Objective(s): To determine if the employer has correctly reported the amounts of retiring members' unused sick leave at the time of retirement.

Conditions:

We tested 86 out of the Schools' 328 employees retiring in the past three years with sick leave credit. For 2 of 86 retirees tested (2%), we noted that there was a difference of three, or more, days of sick leave between the amounts certified on the employees' retirement applications and their balances at the time of retirement, per the Schools' personnel records. The difference in sick leave balances ranged from 7 to 8 days.

Criteria:

Retiring members are entitled to receive creditable service for unused sick leave, on verification of the unused sick leave to the Agency. Members are not entitled to this credit if they separated from employment with the employer more than 30 days prior to retirement (SP&P § 20-206(c)).

To verify unused sick leave, the System requires employers to certify that the unused sick leave balance listed on a member's retirement application "was taken from Agency records, that the sick leave is in full force and effect and that the information is correct to the best of (their) knowledge." The MSRA instructs certifiers to project unused sick leave balances to the member's retirement date. Employers are required to recertify the unused sick leave balance 30 days after the member's effective retirement date, regardless of whether there are any changes (Application for Service or Disability Retirement).

Creditable service is earned at the rate of one month for every 22 days of unused sick leave. An additional month is granted if the number of days remaining after making this calculation is 11, or more. (SP&P § 20-206(e))

Causes:

Due to clerical error, incorrect sick leave balances were used when reporting the sick leave days to MSRA.

Effects:

For the two retirees identified, the updated balances would have had no effect on their sick leave credit or resulting retirement benefits.

Recommendation:

The Schools should enhance its procedures to ensure that each retiree's final sick leave balance is accurately recertified to the MSRA 30 days after their effective retirement date.

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Management Response:

We agree with the auditors' recommendation and will update the relevant standard operating procedures to ensure that each retiree's final sick leave balance is accurately recertified to the MSRA 30 days after the effective date.