



Paid Parental Leave



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Paid Parental Leave Audit

Executive Summary

Purpose

To determine whether controls and compliance related to the City's new Paid Parental Leave policy are being followed.

Background

The City adopted a paid parental leave benefit program in FY 2018. This benefit allows eligible employees to take up to six weeks paid.

The purpose of the benefit is to give parents time to bond with their new child and to help provide financial stability while adjusting to their new family situation.

Between January 1, 2018 and June 30, 2019, 553 City employees took advantage of the paid parental leave benefit.

Conclusion

Policy revisions, training, and periodic monitoring will increase the effectiveness of the program and provide uniformity across City departments.

Highlights

Policy clarification can improve timekeeping consistency among departments.

Employees submit a leave request at least 30 days prior to the desired time off. Once the parental leave time is used, the time is recorded in PeopleSoft under the "FPP" code. This coding allows the time off to be tracked with all other FMLA time. Policy HR 25 requires that employees use parental leave in one-week increments, up to the six week maximum. Audit staff reviewed several employees' leave and noted the following issues:

- Inconsistent use of parental leave during holiday weeks, with some employees taking less than 40 hours during that week while others extended their leave to include time off the week before or following the holiday
- Violations of the required weekly increments
- An individual began parental leave in advance of the leave event

Recommendations

- A. The City should revise Policy HR 25 to provide clarification on proper timekeeping procedures, including the treatment of holidays.
- B. HR should conduct citywide information sessions to improve communication and set expectations related to program administration.

Actions Planned

An updated policy that will include clarity around weeks with holidays will be implemented citywide on October 1, 2019. Departmental HR Managers will be responsible for educating employees regarding the policy and procedures for the use of paid parental leave. Internal Audit considers these actions to be responsive to the recommendations.

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Background

The City adopted a paid parental leave benefit program with City Council's approval of the FY 2018 budget. This benefit allows eligible employees to take up to six weeks paid leave to bond with a new child. With supervisory approval, the leave can be scheduled during the 12 months following the event. Establishing a paid parental leave program is becoming a more common benefit nationwide. At least 12 municipalities in North Carolina offer some type of paid parental leave, ranging from six to twelve weeks.

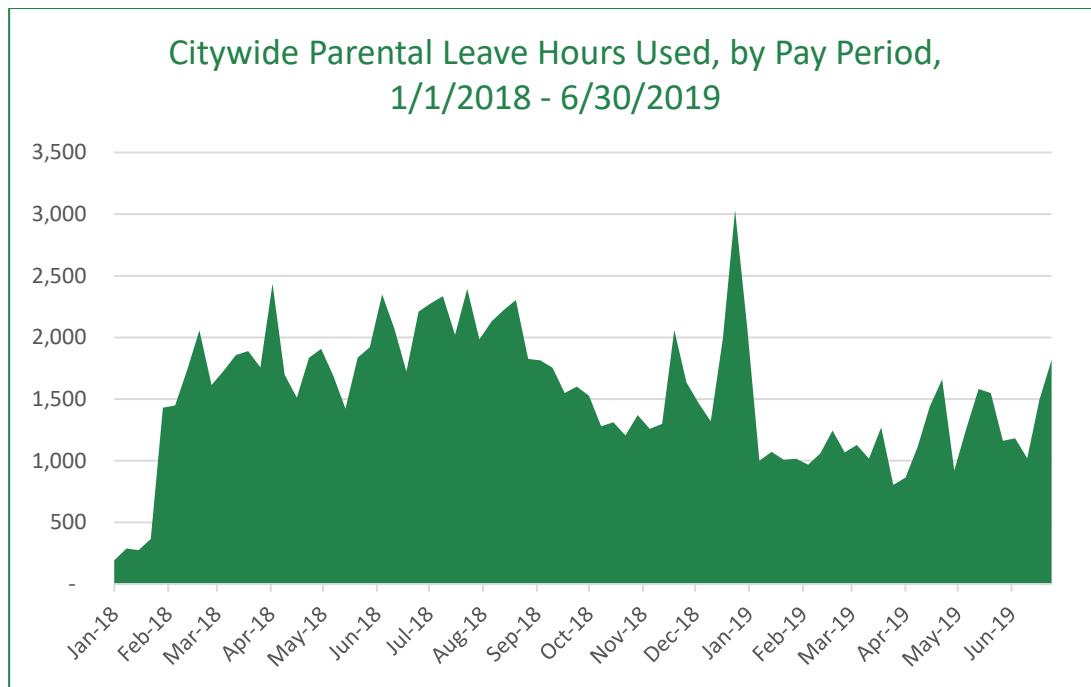
Human Resources (HR) is responsible for administration of the program and implemented City Policy HR 25 (HR 25), Paid Parental Leave on January 1, 2018. The purpose of the benefit is to give parents time to bond with their new child and to help provide financial stability while adjusting to their new family situation. This paid leave benefit is also intended to enhance efforts to attract and retain a diverse, skilled, and engaged workforce, and to promote the City as an employer of choice.

To be eligible for the paid parental leave, an employee must meet one of the following criteria:

- Have given birth to a child
- Be the biological parent
- Be a recognized spouse, as defined under FMLA, of a person who has given birth
- Have adopted a child or placed with a foster child
- Placement of a child with the employee for whom the employee is acting in "locis parentis" as defined by FMLA (in locis parentis is defined by FMLA to mean in place of the parents; meaning a person provides day-to-day care or financial support for a child)

In addition to the above criteria, an employee must be FMLA eligible. Such eligibility requires him or her to have been employed with the City for at least twelve months and to have worked at least 1,250 hours during the 12-month period immediately preceding the paid parental leave event.

Between January 1, 2018 and June 30, 2019, 553 City employees (totaling 120,041 hours) have taken advantage of the parental leave benefit. See the appendix at the end of the report for a breakout by department (the appendix summarizes parental leave hours used during the audit period of January 1, 2018 through March 15, 2019). The table on the next page shows parental leave hours used by pay period through June 30, 2019:



The table above reflects the largest parental leave usage during schools' spring break, summer months, Thanksgiving week, and winter break.

Objective

This audit addresses controls and compliance related to the City's new Paid Parental Leave program.

Scope, Methodology, and Compliance

Scope

The audit covered employees who used paid parental leave between January 1, 2018 and March 15, 2019.

Methodology

PeopleSoft time records were reviewed for all employees who used parental leave during the audit timeframe. After reviewing the records, auditors more closely examined several employees whose timekeeping did not appear to be compliant with the City policy. Auditors met with Human Resources to confirm policy interpretations.

Compliance

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Recommendations

Policy clarification can improve timekeeping consistency among departments.

Employees submit a leave request at least 30 days prior to the desired time off. Once the parental leave time is used, the time is recorded in PeopleSoft under the “FPP” code. This coding allows the time off to be tracked with all other FMLA time. Policy HR 25 requires that employees use parental leave in one-week increments, up to the six week maximum. Audit staff reviewed several employees’ leave and noted the following issues:

- Inconsistent use of parental leave during holiday weeks, with some employees taking less than 40 hours during that week while others extended their leave to include time off the week before or following the holiday. (The intent of the policy is to provide leave in full week increments, which is simpler to administer.)
- Violations of the required weekly increments
- An individual began parental leave in advance of the leave event

Recommendation A: The City should revise Policy HR 25 to provide clarification on proper timekeeping procedures, including the treatment of holidays.

Recommendation B: HR should conduct citywide information sessions to improve communication and set expectations related to program administration.

Value Added: Compliance; Effectiveness

Human Resources Response: Agree. Updated policy is being drafted and will have a citywide implementation date of October 1, 2019. Each department has a dedicated HR Manager that will hold the responsibility of communicating the policy and procedures. This will include explaining the employees’ rights to the benefit and their responsibility around the use of the paid leave time.

Conclusion

Policy revisions, training, and periodic monitoring will increase the effectiveness of the program and provide uniformity across City departments.

Distribution of Report

This report is intended for the use of the City Manager’s Office, City Council, and all City departments. Following issuance, audit reports are sent to City Council via the Council Memo and subsequently posted to the [Internal Audit website](#).

Appendix

Parental Leave Usage by Department

Parental Leave Used, 1/1/18 - 3/15/19		
Department	Number of Employees with Parental Leave	Total Parental Leave Hours
Police	187	35,255
Fire	126	33,806
Charlotte Water	55	10,574
Engineering & Property Management	27	5,328
Charlotte Department of Transportation	18	3,412
Solid Waste	9	2,032
Management & Financial Services (now Finance)	9	1,840
Aviation	13	1,778
Housing & Neighborhood Services	8	1,728
CATS	7	1,296
City Manager's Office	6	1,240
Planning	4	856
Human Resources	2	512
Economic Development	4	480
Innovation & Technology	2	456
Strategy & Budget	1	216
City Attorney's Office	1	87
TOTALS	479	100,895