



Inspector General Insights

Background: Upon noting irregularities in the leave taken by Deputy County Manager Sean Callahan, on January 19, 2022, the Office of Inspector General (OIG) initiated a review of a sample of employees with recent extended leaves of absence. Mr. Isackson was one of the sampled employees.

On March 23, 2021, the Collier County Board of County Commissioners (BCC) entered into an employment agreement with Mr. Isackson as the County Manager of Collier County, as provided by Collier County Ordinance No 93-72, as amended, and Chapter 125, Part II, Florida Statutes. Mr. Isackson has been employed by the BCC since March 4, 2004, or over 17 years, and he had substantial vacation and sick leave balances accrued. According to his County Manager contract, Mr. Isackson was able to carry over 100% of his accrued vacation, and sixty percent of his eligible accrued sick leave days as of the conversion date, into a universal leave account.

The contract language for Mr. Isackson was consistent with that of the previous County Manager, Leo Ochs. No Executive Summary regarding Mr. Isackson's contract was prepared for the BCC, as this contract was added to the agenda after being negotiated over the BCC meeting lunch break.

Mr. Ochs's contract was dated October 27, 2009, at which point Mr. Ochs had been employed by the BCC for 23 years, or since July 14, 1986. Like Mr. Isackson, Mr. Ochs had accrued significant vacation and sick leave balances from his long tenure. Mr. Ochs converted 100% of his accrued vacation, and sixty percent of his eligible accrued sick leave days to date, into a universal leave account. The Executive Summary for the contract with Mr. Ochs stated that, "This contract is substantially the same as the former County Manager."

The OIG reviewed the contracts for the former County Manager, Jim Mudd, and noted that the Executive Summary accompanying Mr. Mudd's contract dated July 17, 2002, clarified that, "This contract uses a term "universal" leave to replace vacation, sick and personal leave time." We also reviewed a similar contract with the County Attorney, Jeff Klatzkow. Neither Mr. Mudd, Mr. Ochs nor Mr. Klatzkow were paid sick time after their conversion to contractual employees. Mr. Mudd had an extended illness, and he recorded numerous "No Pay" hours between April 13, 2009 and his last working day of September 30, 2009.

Since his contractual employment as County Manager dated March 23, 2021, significant events related to the compensation and leave payments for Mr. Isackson are as follows:

- Mr. Isackson's vacation and sick hours as a salaried employee (valued at \$26,539.25) were converted to a balance of 1,252.59 universal leave hours, valued at \$138,508.71.
- On March 26, 2021, Mr. Isackson received \$21,000.00 directly into his 457 Retirement Plan, as per his contract. Therefore, the immediate value of the increase in value of his leave and retirement benefits amounted to total \$132,990.82 (\$138,508.71 - \$26,539.25 + \$21,000.00).
- On July 30, 2021, Mr. Isackson cashed out 890 hours of universal leave (\$98,413.44), at his new rate of pay.
- On August 9, 2021, Mr. Isackson began recording sick time for an extended illness, which continued through October 29, 2021.
- On January 7, 2022, Mr. Isackson announced that he would be retiring effective July 1, 2022.

- On March 11, 2022, Mr. Isackson chose to cash out 100 hours of universal leave, valued at \$11,057.69.
- On April 13, 2022, Mr. Isackson submitted a request to be paid out 300 hours of universal leave, which conflicted with the terms of his contract, and was not paid by the Clerk.
- On April 22, 2022, Mr. Isackson's "457" Retirement Plan was funded \$27,000.00 as provided by his contract, after his first anniversary as County Manager.
- On May 10, Mr. Isackson informed the BCC that he wished to step down from his full-time duties on May 13, 2022, seven weeks prior to his planned retirement. The related Executive Summary for the May 10 meeting noted that, "no additional compensable leave will be earned after leaving full-time status on May 13, 2022."

Objective: Our review was to determine if Mr. Isackson's paid leave was compliant with the terms of his contract and the policies of the BCC. This included a review of his previous hours accrued or paid out, to ensure the conversion of sick leave to his contractual universal leave calculation was correct. We expanded our objective to include the propriety of any universal leave payouts prior to Mr. Isackson's retirement.

Scope: Our sampled review was limited to BCC employees with extensive leaves of absences or paid leave in the fourth quarter of 2021. For Mr. Isackson, we extended our review of his leave hours to calendar year 2021 through May 2022.

Observations: An OIG examination found that the conversion to universal leave hours agreed:

Detail of Mr. Isackson's Leave Conversion to Universal Leave					Universal Leave Hours
	Hours	Rate	%	Value	
Balances at 3/26/2021					
Vacation	436.36	\$ 60.82	100%	\$ 26,539.25	
Sick	1226.09	60.82	0%	-	
Sick from Vacation	134.30	60.82	0%	-	
Personal	8.00	60.82	0%	-	
	1804.75			\$ 26,539.25	
Conversion to Universal Leave					
Vacation	436.36	\$ 110.58	100%	\$ 48,251.60	436.36
Sick	1226.09	110.58	60%	81,346.78	735.65
Sick from Vacation	134.30	110.58	60%	8,910.33	80.58
Personal	8.00	110.58	0%	-	0.00
Balances Upon Conversion				\$ 138,508.71	1252.59
Increase in Cash Value from Conversion				\$ 111,969.46	

When his 60% of sick leave was converted into universal leave, the remaining 40%, or 544.19 hours of sick leave, was still shown as an accrued balance on Mr. Isackson's pay stubs. This is inconsistent with the treatment of the former County Manager's sick leave conversion, in which the remaining 40% of sick leave after conversion was eliminated, under identical contract language.

The cash value of Mr. Isackson's leave time increased by \$111,969.46 with the conversion, both due to his rate increase and because sick and personal leave has no cash value for BCC employees. Additionally, Mr. Isackson received \$21,000.00 funded directly to his 457 Retirement Plan on March 26, 2021, as his contract called for him to receive the "maximum allowable annual amount into the Employee's current retirement fund on Employee's behalf, on the effective date of this Agreement and

on the anniversary of said date thereafter.” For 2021, Mr. Isackson had already contributed \$3,500.00 and the BCC had contributed the standard Director contribution of \$1,500.00, leaving \$21,000 as the maximum amount that could be contributed per IRS regulations.

Mr. Isackson took a vacation in July 2021 and thereafter became ill. The timekeeper initially recorded both Mr. Isackson’s vacation time and his absences due to illness as universal leave time taken, as per his contract. However, as of 10/08/2021, his universal time taken was reclassified to sick time.

Check Date: 10/08/2021
Pay Period: 09/11/2021 to 09/24/2021

EARNINGS			
Description	Hours	Current \$	PayPD Ending
Curr Per Work Hrs			
Paid-Sick	40.00		08/13/2021
Universal Leave	40.00-		08/13/2021
Paid-Sick	80.00		08/27/2021
Universal Leave	80.00-		08/27/2021
Paid-Sick	72.00		09/10/2021
Universal Leave	72.00-		09/10/2021
Salary			
B-Univ Leave Payou			
B-LTD Taxable Bene			09/24/2021
Paid-Vacation			
Paid-Personal			
Paid-Sick	80.00		09/24/2021
Holiday Pay			
Universal Leave			

It is the position of BCC HR Director Amy Lyberg, that Mr. Isackson’s sick leave balance was handled correctly, and the sick leave of Mr. Ochs was not:

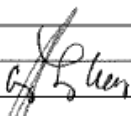
“Mr. Ochs should have been credited not only the time respective to his Sick Term payout (338.40 hours), but also the 774.93 hours that represented the unused, unconverted 40%. His balance at time of transition to the position of County Manager should have been 1,113.33 hours Sick Leave. This appears to be an oversight during processing of his move to the Universal Leave model in October 2009.”

This would be contrary to prior practice and the plain language of the agreement.

On April 13, 2022, Mr. Isackson submitted a request to be paid an additional 300 hours of universal leave, which was signed by HR Director Amy Lyberg:

Comments: Per his contract (section 12A), Mr. Isackson may sell back a portion of earned Universal Leave on a periodic basis. He is requesting to have 300 hours paid with the check of 4/22/2022. Pay and reduce quota balances accordingly under IT0416.

Approvers :

Name	Title	Signature	Date	+
	Division Director			
	Department Head			
Amy Lyberg	Division Director - Human Resources		4.13.2022	
Mark Isackson	County Manager		4.23.22	

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Section 12A of his contract cited in the request states that, *“...Employee is authorized to sell back a portion of earned universal leave on a periodic basis.”*

This general statement in Section 12A appears to be constrained by the more specific and restrictive directions later in section 12D of his contract, which states that:

“Employer agrees that commencing on the second anniversary date of his agreement and annually thereafter, the Employee will be paid for all hours of accrued leave that exceed three hundred sixty (360) hours.”

As Mr. Isackson had met neither the second anniversary date requirement, nor did his accrued leave exceed 360 hours, the Clerk denied payment of the 300 hours of universal leave time (valued at \$33,173.07) due to the contractual constraints. It appears that the 360 hour balance referenced in the contract is intended to be both a cushion to ensure that there is time available for the County Manager to take, and also to ensure that there is not a large accrued balance payable sitting on the books. With

his departure scheduled for July 1, 2022, Mr. Isackson would have been paid out any remaining universal time balance (358.59 hours as of March 25, 2022).

On April 25, 2022, the Inspector General met with Deputy County Attorney Scott Teach, to discuss a draft of this report. Mr. Teach agreed with the OIG interpretation of the contract that the sick leave hours should not have been paid. When the sick leave hours were reclassified against universal leave, as they were originally recorded, Mr. Teach estimated that there would be a shortfall, whereby Mr. Isackson would owe the BCC the overpayment of the sick leave. Mr. Teach advised that the BCC would have to be repaid, or they could extend Mr. Isackson’s contract for some additional compensable services of public purpose and value, because under Florida Statute 215.425(1):

“No extra compensation shall be made to any officer, agent, employee, or contractor after the service has been rendered or the contract made...”

Mr. Teach indicated that he had discussed the situation with County Attorney and Deputy County Attorney Greene, who were both in agreement.

For the paycheck dated May 6, 2022, Mr. Isackson recorded 21 hours of universal time taken. Based on the discussion with the Deputy County Attorney, Mr. Isackson did not have the time available to be paid as universal leave. Additionally, Mr. Isackson requested to terminate his position and the ongoing accrual of leave on May 13, 2022, which would leave a shortfall of over 100 hours (approximately \$11,057.69). Accordingly, the Clerk did not pay the 21 hours of universal leave recorded, but instead short paid Mr. Isackson’s check for May 6, 2022. Additionally, the Clerk offset Mr. Isackson’s sick hours paid contrary to the contract, against his universal leave balances in his final check dated May 20, 2022. Mr. Isackson’s remaining shortfall is \$7,049.32 owed to the BCC.

Recommendations & Actions:

1. The Clerk is bound by statute to make legal payments in accordance with contracts. The BCC will need to provide direction about the disposition of the shortfall of hours taken by Mr. Isackson. According to Mr. Teach, the BCC would have to be repaid, or they could extend his contract for some additional compensable services of public purpose and value.
2. BCC Human Resources has an inherent conflict in interpreting the pay provisions for the County Manager and the Deputy County Manager(s), as the HR department reports to those positions. We recommend that the BCC consider approval of personnel transactions for the County Manager and Deputy County Manager(s) by a non-subordinate party to strengthen controls.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations / Recommendations
22	\$ 308,283.59	\$ 57,743.87	\$ 50,694.55	2