

Audit

Follow-Up

As of September 30, 2008



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Police Overtime

(Report #0726, Issued August 20, 2007)

Report #0905

December 10, 2008

Summary

This is the second follow-up audit conducted after the issuance of the original audit report #0726, Police Overtime Audit. Police management has made significant progress toward addressing complex issues related to the tracking and management of overtime activities.

During the Police Overtime audit, we identified three areas related to the recording of overtime in the payroll system that should be improved. Management developed 11 action plan steps to address the issues in these three areas. Six steps were completed in the prior follow-up period. Of the five action plan steps due during this follow-up period, two steps were completed and three steps were partially completed.

The two action steps completed included:

- Expanded earn codes to better track the reasons for overtime in the payroll system, and
- Authorization for compensating Communication staff one extra hour for each day they train new communication operators on the job.

The three partially completed steps are related to implementing a process to periodically review payroll transactions involving overtime, and developing procedures to monitor retroactive adjustments and assure all adjustments are properly authorized and approved.

We appreciate the full cooperation provided during this audit follow up from Police Department and Accounting Services Division staff.

Scope, Objectives, and Methodology

We conducted the original audit and this subsequent follow-up audit in accordance with the International Standards for the Professional Practice of Internal Auditing and 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.

Original Report #0726

The objectives of the audit were to: (1) identify the overtime hours worked and the budgeted and actual overtime costs; (2) determine reasons for overtime in Police divisions with the highest overtime costs; (3) provide recommendations for management's consideration to reduce the need for and utilization of overtime and/or reduce or recover the cost of overtime; and (4) determine whether overtime costs were valid, accurate, properly approved, and in compliance with City policies and procedures.

Report #0905

This is our second follow-up on action plan steps identified in audit report #0726. The purpose of this follow-up is to report on the progress and status in completing the action plan steps due for completion as of September 30, 2008. To obtain information, we attended timekeeping trainings; reviewed relevant documentation, including policies and procedures and reports; and interviewed key staff.

Previous Conditions and Current Status

In report #0726, our citywide analysis of overtime hours worked and costs revealed that the Tallahassee Police Department (Police) collectively had the highest hours and costs, and Police Communications Division had the highest three-year total overtime amount and hours per full-time equivalent (FTE). Overtime represented eight percent (8%) of Police’s total personnel costs.

We concluded that the need for overtime is inherent due to the nature of police work to provide public safety services 24 hours a day, seven days a week, 365 days a year (including responding to calls for service, investigating crimes, and conducting crime prevention activities). At Police, overtime was caused predominantly from staffing shortages, unfilled positions, holidays, special events, special assignments, training, completing paperwork, incentives, and court time. The most critical staffing need at Police was in Public Safety Communications.

Our review of Police overtime transactions indicated that overtime costs were substantially valid, accurate, properly approved, and generally in compliance with City policies and procedures and Police Benevolent Association agreements. Other than a few exceptions, approval documentation existed for most of the overtime transactions sampled in our audit.

During the audit, we identified three issues related to the recording of overtime in the payroll system: 1) in some instances, timekeepers were not calculating holiday overtime compensation consistently resulting in a disparity among employees’ pay for the same type of work during the same period; 2) some overtime adjustments were improperly made in the current period rather than in the period actually worked; and 3) Communications staff acting as trainers were paid more than provided for in City policy.

Table 1 provides a summary of the action steps to address the above issues and management’s current status (as of September 30, 2008).

**Table 1
Action Plan Steps from Report #0726
Due as of September 30, 2008, and Current Status**

Action Plan Steps Due As of September 30, 2008	Current Status
To reduce overtime costs	
<ul style="list-style-type: none"> Review and revise the Special Events Policy as appropriate to reflect the City’s intentions related to recovering costs for providing services for private and public special events. The policy should include some level of reporting to provide management adequate information of what special events the City is supporting and the related costs. 	<p>✓ Completed in the prior period.</p>
<ul style="list-style-type: none"> If appropriate in the new policy (develop/revise in Step above), develop a process to determine amounts to charge and method for collection when providing services resulting in overtime costs for private and/or public special events. 	<p>✓ Completed in the prior period.</p>
<ul style="list-style-type: none"> Address the amounts due from FSU for law enforcement services at football games, and reevaluate the policy for recovering costs from the universities. 	<p>✓ Completed in the prior period.</p>

To provide a better accounting of the types of work classified as overtime	
<ul style="list-style-type: none"> • Police and Accounting Services work together to consider the use of earn codes/activity codes/class codes to better track the types of work (e.g., court, football games, and directed patrols) and incentives (e.g., tactical, field training officer). 	<ul style="list-style-type: none"> ✓ Completed. Police Financial Management and Accounting Services staff developed timekeeping earn codes for improved tracking of overtime in the payroll system. Staff began using the earn codes in August 2008.
To strengthen internal controls over calculating overtime, coding overtime, and complying with City policies and agreements	
<ul style="list-style-type: none"> • Clarify the wording in the HR policies and bargaining agreements related to determination and calculation of overtime. 	<ul style="list-style-type: none"> ✓ Completed in the prior period.
<ul style="list-style-type: none"> • Provide adequate training (including examples) to all timekeepers regarding how to enter overtime and holiday time correctly to ensure all employees are paid according to City policies and contracts. 	<ul style="list-style-type: none"> ✓ Completed in the prior period.
<ul style="list-style-type: none"> • Review the past inconsistencies related to overtime pay on holidays to determine the most efficient and equitable method to address any prior discrepancies. 	<ul style="list-style-type: none"> ✓ Completed in the prior period.
<ul style="list-style-type: none"> • Implement a process to periodically review payroll transactions involving overtime to identify noncompliance with policies and agreements or incorrectly calculated overtime pay. 	<ul style="list-style-type: none"> ◇ Partially Completed. Police developed and tested procedures for conducting semi-annual reviews of payroll transactions. Management plans to complete needed technology upgrades in order to conduct their first complete review under the revised pay process after the January 2009 holiday and will report their results in mid-February.
<ul style="list-style-type: none"> • Implement a process to ensure that adjustments are made retroactively in the correct pay period affected and not netted to time worked in the current period. 	<ul style="list-style-type: none"> ◇ Partially Completed. Management has developed a new timekeeping policy and the policy is currently being reviewed by all Police division managers. Management is anticipating implementing new timesheets throughout the department along with the new timekeeping policy in December 2008.
<ul style="list-style-type: none"> • Implement a process to ensure that all adjustments are properly authorized and approved by supervisors. 	<ul style="list-style-type: none"> ◇ Partially Completed. Electronic timesheets have been developed and tested. Management is anticipating implementing the timesheets throughout the department along with the new timekeeping procedures in December 2008.
<ul style="list-style-type: none"> • Police implement a process to either a) ensure City policies are adhered to and in-band advancements are paid accordingly or b) management develop or revise the appropriate policies so that they reflect the City’s intent regarding how Communication staff trainers are to be compensated. 	<ul style="list-style-type: none"> ✓ Completed. The Human Resources Director sent a memo authorizing Police to compensate Communication staff trainers one extra hour for each day they train new communication operators on the job.

Table Legend:

• Issue in the original audit

✓ Issue Addressed and Resolved

◇ Issue Partially Completed

Conclusion

As described in detail in Table 1, of the five remaining action plan steps due this period, two were completed and three were partially completed. During this follow-up period, Police management made significant progress addressing complex issues related to the tracking and management of overtime activities.

We appreciate the full cooperation provided during this audit follow up from Police Department and Accounting Services Division staff.

Appointed Official's Response

City Manager:

We have reviewed the City Auditor's follow-up report on police overtime and are pleased to see that progress has been made on the action plan. Of the 11 action plan items identified in the original audit report, eight have been completed as of this follow-up report. The remaining three action plan items are partially completed and staff anticipates completion of these in early 2009. We would like to thank the City Auditor's staff for their time and effort on this follow-up report.

Copies of this audit follow-up #0905 or audit report #0726 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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