

Audit

Follow-Up

As of March 31, 2008



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Police Overtime

(Report #0726, Issued August 20, 2007)

Report #0815

July 11, 2008

Summary

In audit report #0726, Police Overtime Audit, we reviewed selected divisions within the Police Department with the highest overtime to determine whether recorded and paid overtime complied with City directives, determined reasons for overtime, and provided recommendations.

Our original audit of Police overtime indicated that, overall, 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.

However, during the 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 3 areas. All 11 action plan steps were due to be completed by March 31, 2008. Of the 11 steps, 5 steps were completed, 4 steps are partially completed, 1 step is behind schedule, and 1 step was deleted by management.

The five action steps completed included:

- Police revised its departmental procedures, updated their special event application process, and reported Police special event related activities and costs to the City Manager for FY 2007.
- The Police and Parks and Recreation Departments reviewed the Special Events policy and determined it to be sufficient. No changes were recommended.

- City management worked with Florida State University (FSU) to develop agreements for the 2007 football season. All agreed upon past due amounts were received by the City.
- The wording in the Human Resources policies and bargaining agreements regarding how overtime should be calculated on holidays was clarified.
- Training was provided to Police timekeepers regarding how to correctly calculate and input overtime worked on holidays.

The four partially completed steps are related to developing additional earn codes to better track overtime, 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.

The one step behind schedule is related to addressing how Communication staff trainers are compensated and complying with the corresponding City policies.

The step deleted by management was related to reviewing past inconsistencies related to overtime pay on holidays to determine the most efficient and equitable method to address any prior discrepancies.

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 #0815

This is our first 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 March 31, 2008. To obtain information, we 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.

**Table 1
Action Plan Steps from Report #0726
Due as of March 31, 2008, and Current Status**

Action Plan Steps Due As of March 31, 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. 	<ul style="list-style-type: none"> ✓ Completed. The Police Department revised its Special Events procedures to include, as allowed in the current City Special Events Policy, a \$25 permit fee and streamlined the application process. An annual reporting process to the City Manager has been implemented and the Special Event Application forms have been revised. Parks and Recreation has indicated that their current procedures meet the City's intent for cost recovery. The City Commission is discussing specific policy revisions with direction expected as part of the FY09 budget process.
<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. 	<ul style="list-style-type: none"> ✓ Completed. Police revised their departmental procedures, and Police and Parks and Recreation management determined that the City policy did not need to be revised.
<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. 	<ul style="list-style-type: none"> ✓ Completed. City contracted with FSU for FYs 2006 and 2007 and received payments for both years accordingly.
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"> ◇ Partially Completed. Police Financial Management and Accounting Services staff are working together to develop timekeeping earn codes for improved tracking of overtime in the payroll system. Staff expects modifications to be implemented by July 31, 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. Human Resources (HR) agreed with the audit report interpretation of how overtime should be paid on holidays. HR determined that Police Employee Resources could provide adequate training to Police timekeepers on how to calculate and input overtime earned on holidays.
<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. Police Employee Resources staff provided training to Police timekeepers in March 2008.
<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"> ✓ Deleted by Management. Police management determined that it was not cost effective to test prior calculations of overtime paid on holidays to identify any prior inconsistencies. Instead, management proposes to put steps in their regular

	inspection processes to test the accuracy of overtime calculations to identify possible problems in the future.
<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 management has developed procedures to test payroll transactions (including overtime paid on holidays) in their periodic staff inspection methodology. Management plans to perform the first review after the July 4 holiday.
<ul style="list-style-type: none"> Implement a process to ensure that adjustments be 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. Draft procedures were developed to ensure proper approval processes are followed and training for timekeepers was provided. Timekeepers were trained on the draft procedures in March 2008. Management plans to finalize procedures July 31, 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. Draft procedures were developed to ensure proper approval processes are followed and training for timekeepers was provided. Timekeepers were trained on the draft procedures in March 2008. Management plans to finalize procedures July 31, 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"> ○ Behind Schedule. Police management is working with HR to determine the best compensation methodology for Communications Trainers. Management plans to address this issue by September 30, 2008.

Table Legend:

- Issue in the original audit ✓ Issue Addressed and Resolved
- ◇ Issue Partially Completed ○ Behind Schedule

Conclusion

As described in detail in Table 1, of the 11 action plan steps due this period, 5 were completed, 4 were partially completed, 1 is behind schedule, and 1 was deleted by management. Our office will conduct a second follow-up review of the progress made to complete the action plan steps during the next follow-up period ending September 30, 2008.

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

Appointed Official's Response

City Manager:

I appreciate the hard work by the City Auditor's Office and Police Department staff to ensure an accurate audit of Police overtime processes. The results of the audit help ensure the Police Department has appropriate management controls in place for managing overtime claims and payments. I am pleased that the audit found the department to be in compliance with City policies and that additional steps have been taken to increase the consistent application of policies.

Copies of this audit follow-up #0815 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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