



Memorandum No: 10/21-03

Date: March 1, 2021

To: Honorable Mayor and Commissioners

From: John Herbst, CPA, CGFO, CGMA  
City Auditor

Re: Continuous Monitoring of Overtime – Police Department

Due to the COVID-19 pandemic and other emergencies, the risk for adverse occurrence increases in both impact and likelihood in the utilization of overtime hours. Between January 1, 2020 and March 31, 2020, most of the City's overtime paid was recorded by the Police and Public Works departments. Therefore, we performed a limited scope audit of overtime for these two departments. This Memo focuses on overtime within the Police Department (PD); a separate Memo is issued for Public Works.

**Conclusion**

*The CAO found that all overtime hours were approved and payments reconciled to timekeeping records without exceptions. However, we identified an internal control weakness, described in Finding #1, as well as opportunities for internal control enhancements, described in Observations #1 and #2. We consider Finding #1 an internal control “deficiency,” as outlined under the Methodology section.*

*In addition, as noted in the attached Exhibit 1 there are several instances of officers receiving overtime equal to approximately 50% or more of their base pay that we believe merit further review by management.*

**Background**

The Police Department's overtime hours, as a percentage of the City's overtime hours, remained the highest among all departments with an increase in FY2020 (see table for OT actuals at FYE):

Year	City	PD	% of City
FY2017	\$ 12,819,373	\$ 6,564,934	51%
FY2018	\$ 11,852,997	\$ 6,219,438	52%
FY2019	\$ 13,553,219	\$ 7,022,333	52%
FY2020	\$ 13,870,110	\$ 7,802,576	56%
Total	\$ 52,095,699	\$ 27,609,281	53%

PD developed an Overtime/Compensation Time Policy (Policy #109) that was last revised in

November 2018 and details the overtime request and approval process. According to the policy and the official philosophy of PD, overtime is intended to be minimized and “shall only be utilized when necessary, for the completion of a particular assignment, for appearance in court or in the best interest of the Department in fulfilling its mission.”

For the period audited, approximately 50% of PD’s overtime hours were incurred by the detention center. The next highest usage category, at approximately 20% was related to staffing shortages. Tertiary categories, at approximately 5% each, were the special assignments occurring outside regular shift of patrolling NW Progresso CRA and FBI task force participation. These categories represented 80% of total overtime during the January 1, 2020-March 31, 2020 period with all other categories being of immaterial value.

### **Scope and Objectives**

The limited scope audit focused on the *most dollars earned* and the *most overtime hours incurred* by employees between January 1, 2020 and March 31, 2020. The purpose of the audit was to evaluate the existence and appropriateness of the approval (sign-off) within the timekeeping system (Telestaff) for a target sample of 30 City employees.

The engagement involved obtaining an understanding of internal controls over the overtime approval and payment processes and assessing internal control design adequacy and effectiveness. 100% of overtime payments for the selected sample had been independently re-calculated. Within the sample (of 30 the most dollars paid and most overtime hours incurred), a sub-sample of 30 overtime transactions were judgmentally selected for substantive testing of approvals and inspection of the audit trail within Telestaff.

### **Methodology**

The CAO conducted its assessment of internal controls using the May 2013 updated Internal Control—Integrated Framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework defines internal control, describes the components of internal control and underlying principles, and provides direction for all levels of management in designing and implementing internal control and assessing its effectiveness. The five components of the COSO framework are: control environment, risk assessment, control activities, information and communication, and monitoring activities.

To meet our scope and objectives, we obtained an understanding of overtime approval and payment processes within PD by reviewing its departmental Overtime/Compensation Time Policy (Policy #109), inquiring of City personnel (Police, IT, Payroll, Finance), performing data analysis, and inspecting digital documents/forms on a test-sample basis within the Telestaff scheduling and timekeeping system. Regarding substantive testing of payments, Telestaff time records for the sample were reconciled to the Cyborg payroll system to determine accuracy of pay with timekeeping, and overtime pay was independently recalculated. In addition, we reviewed section 6.32.1 of the City’s PSM (Policy and Standards Manual) on Reporting of Overtime Worked. We also inspected the relevant labor agreement, as referenced by the PSM on page 2, to ensure there are no contradictions with the PSM and Policy #109 as it relates to overtime management.

We have identified both a Finding and two Observations during the audit. A Finding results from a failure to comply with policies and procedures, rules, regulations, contracts, and fundamental internal control practices. An Observation represents an opportunity to improve on design or functionality of an existing internal control.

A finding is categorized as a “deficiency,” a “significant deficiency” or a “material weakness” as defined below:

- *A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis.*
- *A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*
- *A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.*

### **Finding**

1. PD’s policy #109 deviates from the City’s PSM 6.32.1 regarding internal controls governing overtime. While the PSM requires that all overtime be approved by the immediate supervisor, whereas policy #109 allows for any supervisor, generally ranked Sergeant and above for sworn officers, to approve overtime requests. Because of this, Telestaff, in practice, is not programmed to restrict overtime approvals to immediate supervisors.

**Recommendation:** The CAO recommends that PD’s policy #109 be revised to be consistent with PSM 6.32.1.

### **Observations**

1. While all overtime had been approved by a supervisor, neither the policy nor practices in place stipulate that the supervisor has verified that they were “actually worked”. Moreover, the amount of overtime hours being worked should be assessed for reasonableness to avoid fatigue. This practice would also reduce the risk of excessive or imbalanced overtime by individual personnel (See Exhibit 1 for top overtime hours and top overtime dollars incurred during the second quarter (2Q) of fiscal year 2020).

**Recommendation:** The CAO recommends that PD consider implementing monitoring controls where the supervisor approving overtime has knowledge of the hours worked/duties performed and that overtime hours are also reviewed in aggregate by employee, for validity and reasonableness to improve overtime management.

2. Once overtime hours are approved, there is no reporting available from Telestaff to see the

note field that describes the justification for the overtime (details only visible for pending overtime hours; approved overtime can be only viewed within the audit trail of the system screen-by-screen). Such reporting would ensure that overtime is documented properly for monitoring as well as for overtime reimbursement. *(Note: currently for FEMA, a separate form is used as not all governmental requirements are met by the documentation in Telestaff. This improvement could reduce utilization of additional forms and labor hours).*

**Recommendation:** The CAO recommends standardizing the description of all overtime with the same granularity and enhancing reporting features. In addition, the policy should be updated to reflect these changes.

**Management Response** – Exhibit 4

**Attachments:**

Exhibit 1 – Top 30 Employees with Most Overtime Incurred (FY 2Q2020)

Exhibit 2 – Overtime/Compensatory Time Policy #109

Exhibit 3 – Policy and Standards Manual 6.32.1 – Reporting of Overtime Worked

cc: Chris Lagerbloom, City Manager  
Greg Chavarria, Assistant City Manager  
Tarlesha Smith, Assistant City Manager  
Patrick Lynn, Interim Police Chief  
Alain E. Boileau, City Attorney  
Jeff Modarelli, City Clerk

Exhibits:

Top 30 Overtime FY 2Q2020

PD Policy 109 Overtime/Compensatory Time Policy

Policy and Standards Manual, Chapter 6, Section 32

Management Response