MIAMIBEACH

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DATE: June 7, 2010
AUDIT: Miami Beach Police Department Overtime Audit
PERIOD: October 1, 2008 through June 30, 2009

This report is the result of a regularly scheduled audit of the processes in effect covering the assignment, documentation, authorization and reporting of the overtime paid to Miami Beach Police Department employees between October 1, 2008 and June 30, 2009.

INTRODUCTION

Miami Beach Police Department (MBPD) was comprised of an authorized strength of 381 sworn personnel and 149 civilian personnel for the 2008/09 fiscal year. The number of police service calls was 144,382 with 13,247 arrests being made in 2008, which represents 19.24% and 69.68% increases respectively over 2002 figures.

MBPD is organized into the Office of the Chief, two operational entities, the Patrol and Criminal Investigations Divisions; and two administrative support entities, the Support Services and Technical Services Divisions. The Support Services Division provides varied administrative services to the other three divisions within the MBPD and the City Government. Included within this division is the Business Resource Unit, which contains the Payroll Section that monitors, processes and audits all department employee data related to monetary and leave earnings. Therefore, this section helps ensure the accuracy of the MBPD sworn and civilian employees paychecks based on the supporting documentation (weekly time attendance forms, overtime & court attendance forms, absentee slips, etc.) maintained and provided by the originating units/divisions.

These originating units/divisions are also responsible for approving the overtime hours and pay within budgetary constraints; assigning officers to work the engagement in accordance with Standard Operating Policy and union contracts; and inputting entries into the TeleStaff Staffing and Overtime Scheduling Management and Notification Software (TeleStaff) used to record the overtime and to authorize its payment.

Overtime can be summarized as all hours worked in excess of forty hours during a union employee's work week. Some variations may occur as it is defined in each of the four union contracts (Fraternal Order of Police, Communications Workers of America, Government Supervisors Association of Florida and the American Federation of State, County and Municipal Employees) presently covering MBPD employees.

Additionally, the overtime pay rate can change based on the surrounding factors and the applicable union governing the employee. For example, most overtime is paid at a rate of one and one half times the employee's straight hourly rate of pay. However, the overtime pay rate should be reduced to the employee's straight hourly rate of pay for every hour in which the individual was out sick during the work week. Meanwhile, the overtime pay rate increases to double the straight hourly rate of pay for instances where the police officer is forcibly retained to help meet minimum staffing requirements, hours worked by the employee on the seventh consecutive day where he/she has

worked a full shift for the preceding six days barring a natural disaster, etc. There are other overtime pay rates but they occur infrequently and were not encountered during testing.

Police overtime can be derived from a variety of different sources which includes but is not limited to manpower shortages whereby minimum staffing requirements are not met and an officer is voluntarily brought in to reach this threshold, forced overtime occurs when an officer is forcibly held over to help the department meet the minimum staffing requirements, special pro-active investigations details in response to unique situations, late DUI arrests occurring near the end of the officers shift, etc. Each type of overtime is assigned a four digit code in TeleStaff which is used to help track the overtime earned and the pay rate. For example, overtime code 3305 is for manpower shortages, 3307 is for forced overtime, 3302 is for late DUI arrests and so on. There were a total of 90 different active overtime codes at the conclusion of this audit which are added/deleted at the discretion of the Police Chief's Office.

Approval for overtime varies depending on the type of work provided as shown by the following examples as provided by the Police Chief's Office:

- Approval for overtime due to arrests or calls occurring near the end of officers' shifts that carries over past their exit time is by the sergeants and lieutenants in charge that have short term discretion. However they would have to justify any assigned overtime to their supervisors (captains and majors) who report back to the Police Chief's Office.
- Special events like Memorial Day, Spring Break, Boat Show, Jewelry Show, etc. are approved in advance by the Police Chiefs' Office after a detailed plan is prepared.
- Long term police overtime pro-active assignments (more than a week or two) are assigned and approved by the Police Chief's Office. A plan of action is created outlining the hours, manpower, duties, etc. of the assignment and must be approved in advance. They will try and use on-duty officers as much as possible. Examples include prostitution stings, narcotics details and burglary details.
- Court overtime (a minimum of 4 hours) is driven by the electronic receipt of a subpoena from the Miami-Dade County Courts through their E-Notify System. Overtime typically occurs only when the officer needs to appear in court on his regularly scheduled day off. When the officer's testimony is completed, he/she submits the subpoena and overtime slip to the Police Department's Court Liaison's Office for review and approval.
- Minimum staffing and forced overtime, usually unknown, is approved by the lieutenant covering the daily scheduling.
- Other unplanned events such as when political figures come to Miami Beach or surrounding areas are approved by the Police Chief's Office. Miami Beach provides police officers at their expense to assist because the surrounding municipalities do likewise when these dignitaries visit Miami Beach. This reciprocation is important to help increase staffing and because no monies are reimbursed by the other governmental agencies.

While not covered specifically by Police Department Standard Operating Procedures (SOP), overtime creation and approval of proactive assignments, special and unplanned events by the Police Chief's Office is based upon management's prior experience as to the most effective and efficient method to accomplish the assignment. The Chief Office utilizes a written plan for some of these areas which contained estimated overtime hours and dollars prior to initiating the overtime engagement.

All on-duty and overtime hours worked by MBPD employees is recorded in TeleStaff, whose purchase was authorized from PDSI through the City Commission's ratification of Resolution No.

2005-26031. Among other benefits, TeleStaff has the unique ability to find appropriate candidates based on their rank and specialties and its ability to make outbound telephone calls to offer the opportunity for work or for emergency notification (this feature has not yet been implemented). MBPD used TeleStaff version 2.50 during the audit period but has since upgraded to version 2.51 and now has a designated server for this software.

Police officers are assigned fixed on-duty shifts to work (ex. Mondays through Thursdays from 11pm till 9am) which are subsequently entered into TeleStaff. Meanwhile, overtime should be assigned according to the procedures outlined in the union contracts as the need arises and is to be approved in advance by the division's supervisor so that it can be entered into TeleStaff and paid to the employee.

The primary source document maintained is the Overtime & Court Attendance Form which records such pertinent information as the date in which the overtime was earned, starting and ending times, a description of the work performed, the number of hours worked, the employee's and the supervisor's signatures, etc. This form contains three parts with the white copy going to Support Services Division's Payroll Section, the pink copy to the Court Liaison Officer and the yellow copy is retained by the employee for their records.

The weekly entries into TeleStaff by the MBPD division payroll coordinators are approved by the designated supervisors so that the data can be uploaded into the Eden System by the 10:00am Monday deadline. From here, the Finance Department's Payroll Section reviews the entries and performs other functions so that ultimately the employees can be accurately and timely paid.

The following table lists the amounts of overtime paid to MBPD employees in the identified divisions/units during the 2006/07 and 2007/08 fiscal years, as well as during the audit period:

	FY 2006/07	FY 2007/08	10/08 – 06/09	Total
Chief's Office	$112,200	$126,855	$94,923	$333,977
Patrol	$2,560,038	$2,229,746	$2,907,497	$7,697,281
South Pointe RDA	$378,597	$489,915	$116,864	$985,376
Support Services	$260,959	$242,156	$85,015	$588,130
Criminal Investigations	$843,827	$907,573	$733,574	$2,484,973
Technical Services	$534,003	$519,985	$358,103	$1,412,091
Total	$4,689,623	$4,516,230	$4,295,975	$13,501,828

* The above figures do not include any overtime from outside agencies as Miami-Dade, State Troopers, etc. assisting the City with the policing of special events.

OVERALL OPINION

The Miami Beach Police Department faces a difficult and challenging task in trying to estimate and prevent overtime as there are a number of extenuating factors that should be accounted for (the number and size of staged special events, the condition of the national and international economies, the number of major criminal investigations, etc.). Yet, they also need to ensure that there is sufficient police coverage to adequately protect Miami Beach's residents, businesses and guests; as well as complying with union contracts, standard operating policies, etc. that govern the assignment and payment of overtime during their 24 hour/7 days a week operations.

The City and the Miami Beach Police Department have tried different methods to help fulfill their objectives and limit overtime with some being successful and others not as much. New technological upgrades have been implemented; process analyses have been conducted by

independent consultants; forms have been revised to be more comprehensive and descriptive; etc.

Internal Audit believes that for the most part, worked overtime is paid timely to the employee at the correct overtime rate. The found weaknesses were primarily in the assignment and documentation of these overtime hours. The expansion of TeleStaff to use for outbound calls to offer the opportunity for work or for emergency notification would be beneficial and should be implemented as soon as possible. Finally, there should be periodic payroll audits done by independent Support Services personnel given the current internal control limitations of TeleStaff.

The following overtime shortcomings were noted during the audit period and are in need of improvement:

- Paid overtime hourly rates agreed with Fair Labor Standards Act Section 778.200 but were greater than rates specified in union contracts as they were not based on the employees' straight hourly rates of pay. Instead, such incidental pays as shift differential, educational supplements and CALEA certification were included in the calculations thereby increasing the employees' corresponding overtime pay.
- The Police Department's actual annual overtime has exceeded the amounts budgeted by the City Commission over the last three years although the gap has lessened.
- Sufficient overtime documentation was not maintained by the Patrol and Technical Services Division to verify that all tested transactions were assigned in accordance with union contracts and standard operating policies. Additionally, two of the thirty-six employees (5.56%) sampled were inadvertently underpaid by a net amount of $173.49.
- The TeleStaff System lacks certain internal controls to help prevent the entry of inadvertent, incorrect or unauthorized overtime details and pay.
- The Support Services Division did not always receive and/or maintain newly revised Overtime & Court Attendance Forms. In addition, instances were noted whereby the tested forms found in the files were not accurately and fully completed.

As the result of our verification of departmental measures, we noted that there were inaccuracies in the figures reported in the City's performance management software. These measures should be changed to reflect the data supported by the department's records.

PURPOSE

The purpose of this audit was to determine whether maintained accounting records and supporting documentation are organized, complete and sufficient; whether internal controls are soundly developed and functioning and a proper segregation of duties exists; whether overtime was assigned and paid to tested employees in adherence to ordinances, resolutions and personnel policies; whether overtime is correctly recorded in the City's Financial System and is within City Commission approved budgeted amounts; and whether selected recommendations from the 2006 police staffing optimization study have been implemented.

SCOPE

1. Confirm that comprehensive policies and procedures exist, are known and are followed by staff.

2.   Confirm that overtime is earned, calculated and paid in accordance with applicable ordinances, resolutions and personnel policies.
3.   Confirm that selected recommendations from the 2006 police staffing optimization study have been implemented.
4.   Confirm that maintained accounting records and supporting documentation is organized, complete and sufficient.
5.   Confirm that the internal control process is adequate and that a proper segregation of duties exists.
6.   Confirm that overtime is assigned to personnel in accordance with adopted standard operating procedures and union contracts.
7.   Confirm that the criteria creating the need for overtime is documented and is consistently followed.
8.   Confirm that overtime dollars are within budgeted goals approved by the City Commission.
9.   Confirm that overtime is entered correctly into TeleStaff which properly flows through into Eden so that journal entries to record these transactions are no longer necessary.
10.   Confirm that the amounts reported in Eden correctly reconcile with those in the City's Performance Management System's departmental scorecards.

FINDINGS, RECOMMENDATIONS, AND MANAGEMENT RESPONSES

1.   Finding – *Overtime Pay Rates*
      Overtime pay is defined in the Government Supervisors Association of Florida (GSA), Communication Workers of America (CWA) and Fraternal Order of Police (FOP) union agreements as being equal to one and one-half times the employee's straight time hourly rate of pay. Meanwhile, the City's agreement with AFSCME Local No. 1554 states that all eligible employees will be paid at their applicable overtime rate.

      Internal Audit noted that the overtime paid to eligible employees exceeded one and one-half times their straight time hourly rate of pay when they also earned such incidental pays as out of class, shift differential, CALEA certification, educational supplements, longevity, etc. during the same pay period. The current overtime formula programmed into Eden includes these amounts thereby effectively increasing the employee's hourly rate of pay as required under the Fair Labor Standards Act Section 778.200.

      However, the different language in the union agreements than actual practices and the Fair Labor Standards Act can also affect other situations. For example, FEMA or the Federal Emergency Management Agency reimburses the City for eligible expenses associated with declared natural disasters/emergencies. A source of contention for closeout audits involving City payroll has been the payment of overtime and the difference with the union contract. Fortunately, the explanations given and letters written have overcome their objections to date but it could jeopardize future funding if not changed.

      Recommendation(s)
      The language in the union contracts should be amended to avoid further confusion as to which incidental pays are to be included in the City's overtime calculations. Furthermore, it should include a provision stating that it follows the Fair Labor Standards Act's requirements in the event that any subsequent changes are adopted.

<u>Management's Response (Human Resources)</u>
As the current union agreements have expired, the City is currently in negotiations with the unions.

2. <u>Finding</u> – *Actual Overtime vs. Budgeted*
    The adopted annual Police Department budget contains departmental goals for such payroll expenditures as salary, overtime, etc. Although there may be extenuating circumstances outside of the Police Department's control causing deviations from these figures (dignitaries visits, unplanned special events, etc.), it was found that their total actual overtime paid exceeded the amount budgeted for the past three fiscal years as shown in the following table:

	FY 2006/07	FY 2007/08	10/08 – 06/09	Total
Actual Overtime	$4,689,623	$4,516,230	$4,295,975	$13,501,828
Budgeted Overtime	$2,576,849	$3,675,329	$3,664,357	$9,916,535
Difference	$2,112,774	$840,901	$631,618	$3,585,293

<u>Recommendation(s)</u>
The Police Department should closer scrutinize the root causes for the amount of overtime to determine if alternate solutions can be implemented to help prevent actual expenditures from exceeding those budgeted.

<u>Management's Response (Police)</u>
Management will continue to scrutinize the root causes for the incursion of overtime recognizing that the figures reflected in table no. 2 above do not account for special events that are not reflected in the budgeted annual overtime for the Police Department, but may or may not be later 'charged back' to another account thus reflecting a deviation in numbers; an example would be the Memorial Day Weekend event.

3. Finding – *Overtime Assignment Documentation and Pay*
    Testing of maintained overtime assignment documentation and the monies paid to Miami Beach Police Department employees in the Patrol and Technical Services Divisions during the audit period found the following shortcomings:

    A. Patrol – twenty-two employees and fifty-eight overtime transactions were tested:
        • Other than the notes maintained in the TeleStaff Staffing and Overtime Scheduling Management and Notification Software (TeleStaff) as to the reasons for the overtime, there was little documentation provided to confirm that employees were offered overtime assignments in accordance with the union contracts. For example, records were not kept ranking the applicable candidates, showing how they were contacted (phone, radio, e-mail, etc.), whether these efforts were successful and they rejected the overtime engagement or were they timed out before it was offered to the next candidate. As a result, grievances if filed by disgruntled employees would have a better chance of success.
        • Employee identification number 17028 was not paid 4.0 hours overtime totaling $217.26 during the pay period ending 10/26/08. The division was notified and is presently researching the matter to determine if the employee was paid at a later date through a payroll adjustment.

    B. Technical Services (Public Safety Communications Unit or PSCU) – fourteen employees and thirty-six overtime transactions were tested:
        • One transaction was found whereby a senior ranking employee signed up for a

Communications Operator II position on 06/24/09 only to give it away to another employee without maintaining documentation to support this transaction. Therefore, Internal Audit and PSCU could not confirm that section 12 of the Standard Operating Procedures was followed.

- Many PSCU employees were not sufficiently cross trained to be able to perform the Dispatcher, Communications Operator I and Communications Operator II duties for police and fire to help reduce the amount of available overtime. For example, three of the twenty-two Dispatchers currently only field the less voluminous fire calls which create additional work for the Dispatchers who answer police related calls.
- PSCU employee identification number 18299 received 4.0 hours overtime pay at time and a half for on 10/18/08 when they used 8.0 hours sick leave on 10/15/08 during the same pay week and therefore should have been compensated at straight time. As a result, she was inadvertently overpaid by $43.77 for these four hours and a payroll adjustment is necessary.

Recommendation(s)
Complete detailed documentation should be kept to confirm that overtime hours were fairly assigned in accordance with union contracts, Standard Operating Procedures, etc. This practice will be automated when TeleStaff's ability to make outbound telephone calls to offer the opportunity for work or for emergency notification is implemented. Although the implementation of this feature would be time consuming, it would save time subsequently and better document the overtime assignment process to help thwart possible filed grievances.

PSCU management should be provided and maintain documentation proving that any overtime assignments that are signed up for and awarded to senior ranked employees before being distributed to others. This practice should help prevent favoritism among unit employees and better ensure that Standard Operating Procedures are not circumvented. In addition, the cross training of all PSCU employees should occur to help better distribute the workload, reduce the number of overtime hours and lessen the fatigue factor.

Finally, the designated payroll coordinators and payroll approvers should better scrutinize the hours worked each week to help ensure that the correct overtime code is entered into TeleStaff and that the employee is paid correctly. The above payroll adjustments should be completed as soon as possible.

Management's Response (Police)
Implementing TeleStaff's notification module that places outbound telephone calls within adopted parameters will resolve the documentation required to confirm that overtime hours were fairly assigned in accordance with policy.

PSCU currently maintains logs identifying overtime availability and forced overtime situations so that overtime is fairly distributed. Cross training, while a valid recommendation, is hindered by staffing levels and critical mission functionality of the unit. Nonetheless, PSCU will continue to cross train whenever possible.

Greater scrutiny on payroll coordinators and payroll approvers' entries will be addressed on a continual basis via audits and on-going training by the Business Resource Unit in Support Services.

4. Finding – *TeleStaff Internal Controls Shortcomings*
   The Police Department uses the TeleStaff System primarily for scheduling and for recording the hours worked by its employees. Internal Audit met with Support Services, Patrol and Technical Services Divisions' personnel to review the internal controls incorporated into the system to help identify and prevent potential errors. The following shortcomings were identified:

   a. Overtime can be assigned to anyone regardless of their classification and status without any warnings from the system. For example, overtime can be assigned to an employee that is out on ISC (Injury Service Connected) or when someone is out sick even though they are not eligible.

   b. TeleStaff does not alert the enterer as to any overlap in work or duplication of hours. For example, an employee could inadvertently be paid twice for working on-duty and overtime concurrently.

   c. Police off-duty is presently recorded in Paradox while on-duty and overtime are recorded in TeleStaff and the two systems do not interface well. There are plans to convert off-duty to TeleStaff but first the City must figure out how to delay payment until the customer remits the monies to avoid having the officers paid in advance for off-duty work. Meanwhile, this practice makes it difficult for administrative staff to determine if there is any duplication of working hours, if the 72 hours maximum on-duty and off-duty hours worked in a given week (fatigue rule) is exceeded, etc.

   d. When the payroll coordinator enter the overtime code for a particular individual, TeleStaff automatically defaults to 24 hours and the employee will be paid accordingly unless he/she remembers to subsequently change the hours.

   e. TeleStaff allows the person receiving the overtime pay to be the same as the one entering it into the system and also approving the transaction as an administrator can approve anyone. An example of this was found with employee identification number 16081 for the pay period ending 12/07/08.

   f. Thirty minute breaks not paid by the City during employees' shifts cannot be excluded by TeleStaff. Therefore, Technical Services typically has to adjust shifts by ½ hour to compensate and to prevent workers from incorrectly being paid 8.5 hours for working only 8.0 hours during the day (ex. 7:00am till 3:30pm with a thirty minute lunch and two fifteen minute breaks taken is entered as if the employee only works till 3:00pm).

   g. Until TeleStaff version 2.51 was implemented in June 2009, any four digit overtime code would be accepted thereby circumventing the process by which they are approved and assigned by the Police Chief's Office and entered into TeleStaff by Support Services. This practice also skews any subsequent analysis done as overtime may be attributed to the wrong cause.

Recommendation(s)
Internal Audit realizes that the MBPD presently uses TeleStaff to do more than it was intended. However, MBPD management and TeleStaff System personnel should discuss expediting the implementation of stronger internal controls to help prevent the entry of inadvertent, incorrect or unauthorized details for overtime payments. In the interim, MBPD management should consider having Support Services Division personnel perform more payroll audits to help ensure that entries are correct and employees are accurately paid. A cost/benefit analysis should be conducted as employees other administrative duties may have to be reassigned to create time for these payroll audits to be conducted.

<u>Management's Response (Police)</u>
Several of the findings identified above (a – b), while valid, are attributed to software limitations. TeleStaff was designed, developed, and marketed as a staffing software program versus a payroll program. In its current application in the public safety environment, it has morphed into an attendance validation module that pushes information to Eden for payroll purposes.

The conversion referred to in the finding above (c) has been determined to not be a feasible resolution for this issue because of software limitations in Telestaff. Two possible alternatives have been researched and we are now waiting on the Information Technology Department to conduct their due diligence to determine which alternative would better serve our needs. Additionally, a change in the Standard Operating Procedure (#011) now requires all off duty work to be paid in advance. The implementation of this policy has greatly reduced the likelihood that an employee working off duty is paid by the City for work performed before the City is paid by the vendor.

In the realm of customizing authority levels to address the issues presented in subsections d.—f., recommendations have been forwarded to the software vendor via user group meetings in hopes of their adoption in future releases and updates of the program.

With respect to subsection g., we are currently in the process of working with the software vendor in adopting a 'drop down' menu that identifies only the active overtime codes at the time the overtime is entered versus any random four digit codes as it is now.

In addition, numerous monthly audits have been implemented to find, and correct, errors. The Payroll office now conducts the following monthly audits:

1. Telestaff Error Report – Used to identify and correct data entry errors and omissions of essential reporting information such as overtime code, account code to be charged, and overtime description. This report is run on a monthly basis.
2. Telestaff Monthly Entry Audit – This audit matches all overtime slips submitted to the Payroll office against the Telestaff entries to ensure all entries are accurate and consistent with the overtime slips. This audit is conducted monthly.
3. Telestaff Pending Request report – This report is used to identify any entries in Telestaff that are still pending approval. This report is run every Friday with the intent to have all requests addressed before the end of the pay period to avoid unnecessary payroll discrepancies.
4. CL Balance report – This report is run monthly and looks at the employees Compensation Leave balance to ensure they are not exceeding their allowed amount.
5. Off Duty Sick Time Usage Audit – On a monthly basis, the Off Duty Sergeant conducts an audit of employees' off duty hours to ensure the fatigue rule is not being violated. In addition, a separate Telestaff sick time usage report is used to compare against the off duty hours worked to ensure there are no overlaps of off duty work vs. sick time.

5.   <u>Finding</u> – *Overtime & Court Attendance Forms*
All the overtime earned by eighty randomly selected MBPD employees for a randomly selected pay period was tested. The corresponding primary source document is the Overtime & Court Attendance Form which records such pertinent information as the date in which the overtime

was earned, starting and ending times, a description of the work performed, the number of hours worked, the employee's and the supervisor's signatures, etc. These forms are maintained in a cabinet inside a Support Services Division office. The following shortcomings were noted during the locating and review of these Overtime & Court Attendance Forms:

a.   The Support Services Division Captain helped redesign the form in October 2008 whereby it was consolidated with the Emergency Crisis Activity/Assignment Log. This new form was intended to provide more detail as to the overtime work performed, however; the older less descriptive form is still occasionally used in its place.

b.   The forms are sorted alphabetically by the employee's last name for the pay period in which the payment was made. This filing method makes it unnecessarily difficult to locate the desired forms as the employee could be paid at any time afterwards, although all tested were paid timely within the next two pay periods per Section 7.5.C of the current FOP union contract.

c.   Testing found that 8.50% (17/200) of the Overtime & Court Attendance Forms were missing from Support Services Division's files and could not be located as of the conclusion of this audit.

d.   6.01% or 11 of the 183 Overtime & Court Attendance Forms reviewed were missing either the employees or the supervisors' signature indicating their approval of the listed information. These figures do not include the nine occasions where a rubber stamp was used by the Support Services Division's Administrative Aide II instead of her actual signature.

e.   Overtime hours were crossed out and changed on two reviewed forms but were not initialed indicating who made the change and the reasons why.

Recommendation(s)
The implementation of the following recommendations concerning the completion and storage of Overtime & Court Attendance Forms should help resolve the listed shortcomings:

a.   The revised October 2008 Overtime & Court Attendance Form should be used by all MBPD divisions/units going forward.

b.   The Support Services Division should maintain these forms in chronological order by employee for each payroll year. A notation should also be made indicating the pay period in which the employee was actually paid the listed hours.

c.   The missing forms or a copy thereof should be located and added to the existing files so that a complete set is maintained inside the Support Services Division to help substantiate the employees' pay. In the future, greater care should be taken to help ensure that all Overtime & Court Attendance Forms are received and safeguarded.

d.   All Overtime & Court Attendance Forms should be fully completed before being submitted to the Support Services Division.

e.   Any changes to the hours listed on the Overtime & Court Attendance Forms should be initialed and explained for accountability purposes.

Management's Response (Police)
The Overtime & Court Attendance Form was revised in October 2008 and the decision was to phase it in as current stock of the prior form was depleted; that is why there are versions of both forms still circulating.

The Support Services Division has adopted the recommendation detailed in subsection b., and now keeps these forms in alphabetical order (by employee) and chronologically in each file. Although the percentage of forms that are missing/misplaced/misfiled is minimal, missing

forms will be located and maintained in the Support Services Division files.

Findings in subsection d. and e., will be stressed department-wide for the accurate and timely processing of overtime.

6. Finding – *Review of Departmental Performance Measures*
    The City's performance measurement software is used to report monthly police overtime in comparison with targeted values. The departmental performance measure is entitled "Police Department Overtime Expenditures" and is comprised of the following six separately reported child measures that roll up into this measure: the Police Chief's Office, Criminal Investigations Division, Patrol Division, Support Services Division, RDA South Pointe and the Technical Services Division. The basis for each measure was reviewed and the reported amounts were compared to the supporting documentation.

    At the end of each payroll period, the TeleStaff payroll hours' data is uploaded into the Eden System for processing and payment at the employees' programmed hourly rates. The Eden System will then automatically make the corresponding journal entries based on these calculations. Furthermore, the City's performance measurement software system was set-up to capture the applicable Eden System general ledger balance (ex. Police Chief's Office overtime is 011-1110-000135, Patrol Division's overtime is 011-1120-000135 and so on) as of a prescribed date. However, the Financial Management Unit's Senior Management & Budget Analyst discovered that these monthly MBPD overtime balances were incorrect due primarily to the following reasons:

    *   TeleStaff records all overtime as occurring in the employee's home division which may not be accurate. For example, assume a police officer based in Technical Services works overtime in Patrol, which is the division in which most of the overtime engagements occur. The officer's home division (Technical Services) would be charged in this example rather than Patrol.
    *   The employees' home division may not have been timely updated to reflect promotions, normal rotations to cross train employees, etc.
    *   Overtime occurring as a result of clearing intersections of vehicles in disrepair should be charged to the City's Parking Department and not to MBPD.

    Consequently, the Senior Management & Budget Analyst calculated the adjustments needed for each preceding pay period during the fiscal year, which were included in journal entry number 07-059 entered on 05/18/09 for inclusion in April 2009's transactions. Other similar entries are now needed each month with numbers 08-058 and 09-059 being subsequently prepared for May and June 2009 respectively.

    Compounding matters is that the City's performance measurement software system was instructed to upload the Eden general ledger figures as of 05/15/09 or three days before journal entry number 07-059 was entered so it was not captured in April or any subsequent months. Even if it were to be captured, each month would have to be broken out separately and the numbers recalculated so that it could then be reported accurately in the City's performance measurement software system. The following table shows the differences between the reported and audited figures during the audit period:

	Police Department Overtime		
Month	Reported	Audited	Difference
October 2008	$253,268	$207,650	$45,618
November 2008	$319,901	$265,335	$54,566
December 2008	$338,096	$296,810	$41,286
January 2009	$527,087	$478,443	$48,644
February 2009	$291,214	$235,363	$55,851
March 2009	$1,193,075	$1,121,252	$71,823
April 2009	$431,482	$378,162	$53,320
May 2009	$655,253	$655,253	$0
June 2009	$657,706	$657,706	$0
Total	$4,667,082	$4,295,974	$371,108

Based on the above analysis, Internal Audit concludes that the figures reported for the departmental performance indicator entitled "Police Department Overtime Expenditures" and the aforementioned six child measures are inaccurate based on the criteria defined in Exhibit 1. Upon notification, the appropriate changes were timely made into the City's performance measurement software.

Finally, review of these seven performance measures (one departmental performance measure and six child measures) found that definitions were not present and the description field merely referenced the associated general ledger accounts and did not provide any additional detail.

Recommendation(s)
The Management Consultant should run the computer script on the last day of the subsequent month so that the monthly upload into the City's performance measurement software will most likely contain all relevant entries. Periodic reconciliations should be performed by the Police Department to help ensure that any journal entries done after the prescribed run date should be captured and recorded in the City's performance measurement system. If the journal entry impacts more than one month, then each month's figures should be calculated and given to the Database Administrator so that he/she can make the necessary corrections in the City's performance measurement system.

Finally, the performance management software definition and description fields should be revised by the department to include a definition of the measure, as well as the methodology for deriving the measure, the data source, and references and/or sources of comparable benchmarks.

Management's Response
Office of Budget & Performance Improvement:
The Management Consultant will run the computer script closer to the end of the month to help better ensure that all relevant entries are captured.

Police Department:
The Police Financial Management Unit (FMU) in coordination with the Planning and Research Office will strive to keep the material journal entries up to date so that the performance measurement software is adjusted accordingly, including timely revisions to the performance management software definitions and description fields.

EXIT CONFERENCE

An exit meeting was held to discuss the audit report and to solicit management responses noted above. Attendees were Assistant Police Chief Raymond Martinez, Technical Services Division Commander Hernan Cardeno, Police Division Captain Larry Bornstein, Communications Manager Jennifer Hall Jenkins, Internal Auditor James Sutter and Senior Auditor Mark Coolidge. Some additional testing was subsequently performed on newly provided documents and the findings were updated accordingly. A revised audit report was sent to the Police Department with management responses being received shortly thereafter. These management responses were incorporated into the above audit report. All were in agreement with the contents of this report.

JJS:MC:mc
Audit performed by Senior Auditor Mark Coolidge

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cc: Carlos Noriega, Chief of Police
     Raymond Martinez, Assistant Chief of Police
     Brian Sliman, Support Services Division Major
     William Riley, Patrol Division Major
     Hernan Cardeno, Technical Services Division Commander
     Ramiro Inguanzo, Human Resource Director

EXHIBIT: 1 – Assessment Categories for Performance Measures Verification

Assessment Category	Criteria
Certified	If reported performance is 100% accurate and if it appears that controls are in place to ensure accuracy for collecting and reporting performance data. Measurement data is supported by source documents.
Certified with Qualifications	This category is assigned under either one of two conditions: 1. *Reported performance is within +/- 3%, but the controls over data collection and reporting are not adequate to ensure continued accuracy.* 2. *The department's calculation of actual performance deviates from the measure definition, but was still within an acceptable range.*
Factors Prevented Certification	Documentation is unavailable or incomplete and controls are not adequate to ensure accuracy. This category is also assigned when there is a deviation from the measure definition and the reviewer cannot determine the correct measure result.
Inaccurate	Actual performance is not within 3% of reported performance, or there is a greater than 5% error in the sample of documents tested.

EXHIBIT: 2 - Additional References for Performance Management Software's Description of Measure

1) **Measure Name:** Should list the name of the measure for which data is being collected and reported.

2) **Measure Type:** Should recognize whether the measure is an "Input", "Output", or "Outcome" measure. One must consider whether results are measured through input (Ex: Customer surveys), output (Ex: Number of contracts completed without change orders), or outcome (Ex: % of projects substantially completed or in beneficial use within 120 days).

3) **Measure Description:** Should describe the measure. Some measures are self explanatory and some may not; however, a description should always be included (Ex: The measure considers the % of change in the value of the change orders for a specific category divided by the original project cost).

4) **Measure Frequency:** Describes how often performance data is reported (Ex: Quarterly).

5) **Data Sources:** Should list sources used to collect performance data (Ex: System Software Names, Report Names, Schedules, etc.)

6) **Calculation Methodology:** Should explain how data reported was calculated (Ex: change orders for that quarter divided by the original total projects costs, projects substantially completed or in beneficial use within 120 days of the contract milestone date divided by the total number of projects completed during the same quarter).