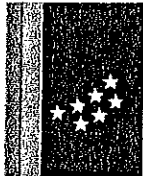


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**CITY OF DURHAM**

City Manager's Office

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www.durhamnc.gov

Memo to: Mayor and City Council

From: Thomas J. Bonfield, City Manager *TJB*

Date: September 29, 2009

Subject: Investigation of Secondary Employment Coordinator's Overtime

Attached for your information is the final report of the City's Audit Services Department's independent investigation of claimed overtime by the Durham Police Department's Secondary Employment Coordinator along with departmental responses to the report from the Police and Fire Departments.

The conclusions of the investigation are detailed on page 13 and include findings that the overtime claimed by the Secondary Employment Coordinator was not justifiable or reasonable and the level of oversight by senior police department officials enabled the abuse of overtime and compensatory time claimed.

The results of personnel actions associated with these conclusions are pending. The City will be pursuing a variety of actions to recover the undocumented and unearned overtime and compensatory time.

This report will be released to the media in the morning and a press briefing will be held in City Hall at 1:00 pm in the City's Manager's office.

I will be available this evening on my cell phone if you would like to discuss the matter further.

Thank you for your patience in allowing the matter to be thoroughly investigated.

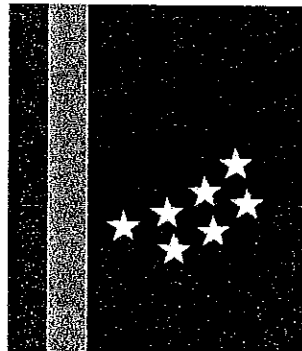
Attachment

Cc: Patrick Baker, City Attorney

**Investigation of Secondary Employment Coordinator  
Overtime Claimed**

**September, 2009**

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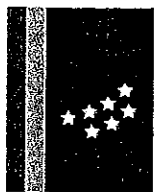
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**Auditor**  
Ora G. Horton, CGAP



TO: Thomas Bonfield, City Manager  
FROM: Germaine F. Brewington, Director Audit Services  
DATE: September 22, 2009  
REF: Investigation of Secondary Employment Coordinator (SEC)  
Overtime Claimed

### EXECUTIVE SUMMARY

The City Manager requested a special investigation of the Secondary Employment Coordinator (SEC) overtime claimed. The scope of the investigation included all overtime and compensatory time claimed by the SEC during the period under investigation.

Audit Services: 1) requested overtime and compensatory time records for the SEC; 2) requested e-mails pertaining to secondary employment from the SEC; 3) examined MUNIS payroll records; 4) examined overtime earnings for all police officers during the period within the scope of the investigation for comparative analyses; 5) interviewed: individuals involved with supervising, approving, and monitoring overtime claimed by the SEC, several Site Coordinators for various vendors, and senior financial management staff within the Police Department; 6) reviewed General Order No. 2017 R-8, "Secondary Employment", effective 11/22/2006; and 7) requested official job descriptions from Alesha Robinson-Taylor.

The conclusion of the investigation is that there is insufficient documentation to support the amount of overtime claimed and paid to Alesha Robinson-Taylor. Management failed to monitor the actual work being performed. This lack of oversight enabled abuse of overtime and compensatory time claimed. The SEC was paid for 581 hours of compensatory leave taken at her regular pay rate. She stated in her interview that she worked while on leave. Additional hours claimed while working on leave were either added to her compensatory time balance or paid as overtime at the time and one-half rate. Claiming extra hours while on her days off, caused the SEC to receive in addition to her regular pay, either accrued compensatory time or paid overtime. Audit Services proposes ten recommendations to improve the overall control environment of the Police Department's handling of overtime, compensatory time and the Secondary Employment program.

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## **BACKGROUND INFORMATION**

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The City Manager requested the Audit Services department to investigate overtime and compensatory time claimed by Secondary Employment Coordinator (SEC) Alesha Robinson-Taylor for the period September 1, 2008 to August 31, 2009.

The scheduled work period for the SEC is 150 hours per month. Policy HRM 403R-6, "Overtime Pay and Compensatory Time" standardizes the awarding of overtime pay or compensatory leave for certain hours worked beyond the designated work period for sworn police officers. Per policy, if physical work performed by sworn officers exceeds 171 hours in a work period, time is calculated at a time and one-half rate. Therefore, the SEC has to work a minimum of 171 hours before any overtime (time and one half) can be earned. All additional hours worked beyond her regular work hours (150) and before reaching 171 hours are compensated as City compensatory time (hour for an hour). In order to calculate overtime, hours actually worked are taken into consideration. Per policy, holiday, sick, vacation and compensatory leave taken are not included in the calculation to determine overtime hours worked. For instance, for the period of 09/19/08 to 10/16/08, the SEC claimed a total of 210.50 hours in addition to her regular work schedule hours (150). She also took leave of 37.50 hours. Therefore, she would have earned compensatory time of 58.50 hours and 152 hours of overtime earned. The calculation is as follows:

### **Overtime Calculation:**

Scheduled work hours for the period	150.00
Additional hours claimed	210.50
Leave taken	<u>( 37.50)</u>
Total actual hours claimed	323.00
Hours required prior to overtime	<u>( 171.00)</u>
Total overtime hours	<u>152.00</u>

### **City Compensatory Time Calculation:**

Additional hours claimed	210.50
Less: Overtime hours	<u>(152.00)</u>
Total Compensatory time	<u>58.50</u>

**Background Information (continued)**

The following is the summary of all overtime and compensatory time claimed by the SEC during the period stated above:

	City Comp Time Hours Claimed	OT Hours Claimed	Total Extra Hours Claimed	Leave Used in Hours
09/10/2008 - 10/15/2008	59	152	211	38
10/17/2008 - 11/12/2008	59	167	226	38
11/14/2008 - 12/10/2008	59	247	306	23
12/19/2008 - 01/09/2009	95	152	247	45
01/12/2009 - 02/08/2009	148	71	219	120
02/09/2009 - 03/06/2009	39	153	192	18
03/13/2009 - 04/02/2009	29	221	250	8
04/03/2009 - 04/30/2009	59	196	255	38
05/01/2009 - 05/28/2009	63	197	260	34
05/29/2009 - 06/24/2009	51	115	166	23
06/26/2009 - 07/21/2009	125	80	205	98
07/31/2009 - 08/27/2009	118	86	204	98
<b>Total Hours</b>	<b>904</b>	<b>1837</b>	<b>2741</b>	<b>581*</b>

\* Note: In addition to claiming 1837 overtime hours and 904 of City compensatory time, the SEC also used approximately 581 hours (16 weeks) of compensatory time during this period.

The following is the summary of all overtime (OT) earnings paid to the SEC during the period stated above.

	OT Hours Claimed	OT Earnings
09/10/2008 - 10/15/2008	152	\$5,029.66
10/17/2008 - 11/12/2008	167	\$5,509.47
11/14/2008 - 12/10/2008	247	\$8,156.66
12/19/2008 - 01/09/2009	152	\$5,029.66
01/12/2009 - 02/08/2009	71	\$2,349.38
02/09/2009 - 03/06/2009	153	\$5,062.75
03/13/2009 - 04/02/2009	221	\$7,296.32
04/03/2009 - 04/30/2009	196	\$6,877.47
05/01/2009 - 05/28/2009	197	\$7,086.81
05/29/2009 - 06/24/2009	115	\$4,162.38
06/26/2009 - 07/21/2009	80	\$2,893.73
07/31/2009 - 08/27/2009	86	\$3,128.84*
<b>Total Hours</b>	<b>1837</b>	<b>\$62,583.13</b>

\*Note: The \$3,128.84 of overtime earnings that were paid on 9/11/ 2009 represented overtime hours claimed for the period 07/31/2009 to 08/27/2009.

**Background Information (continued)**

**Calculation of Total Hours Claimed**

Total scheduled work hours	1,950
Leave Taken	<u>( 581)</u>
Regular Hours worked	1,369
Total Extra Hours Claimed	<u>2,741</u>
Total Hours Claimed Per SEC	<u>4,110</u>

Based on time claimed on her work period logs, the SEC worked approximately 79 hours per week (4,110/52 weeks) which included working on days while on leave. If she did not work any additional hours while on leave, she would have worked approximately 114 total hours per week for 36 weeks (52 weeks per year less 16 weeks of leave taken).

**Assigned Responsibilities**

The SEC's assigned responsibilities are Towing Inspector, Secondary Employment Coordinator and ABC Permit Coordinator. In her role as the SEC, she administers the Cover Your Assets (CYA) system. The CYA system coordinates secondary employment opportunities for police officers. The system allows officers to sign up for secondary employment and tracks the off duty hours worked by officers.

## **PURPOSE, SCOPE, METHODOLOGY AND OBJECTIVES**

---

### **PURPOSE**

The purpose of this investigation is to determine if the overtime and compensatory time claimed by Alesha Robinson-Taylor, Secondary Employment Coordinator (SEC), was reasonable and justified for the period September 1, 2008 to August 31, 2009.

### **SCOPE**

The scope of the investigation included all overtime and compensatory time claimed by the SEC during the period under investigation. This investigation did not cover overtime or compensatory time across the board for the Police Department or any other department/division for the City of Durham. Also, this investigation was not a review of the CYA system itself.

### **METHODOLOGY**

Audit Services: 1) requested overtime and compensatory time records for the SEC; 2) requested e-mails pertaining to secondary employment from the SEC; 3) examined MUNIS payroll records; 4) examined overtime earnings for all police officers during the period within the scope of the investigation for comparative analyses; 5) interviewed: individuals involved in supervising, approving, and monitoring overtime claimed by the SEC, several Site Coordinators for various vendors, and senior financial management staff within the Police Department; 6) reviewed General Order No. 2017 R-8, "Secondary Employment", effective 11/22/2006; and 7) requested official job descriptions from the SEC.

### **OBJECTIVES**

- 1. To determine if the workload associated with the position of the SEC necessitated the amount of overtime and compensatory time claimed.**

The SEC's responsibilities included Towing Inspector, Secondary Employment Coordinator (SEC) and ABC Permits Coordinator. In the data gathering phase of the investigation, the SEC was asked for her official job descriptions. She indicated that no official job descriptions existed for the positions. In lieu of a job description, she provided a copy of General Order No. 2017 R-8, "Secondary Employment", which references the duties of the Job Site Coordinator.

The official hours for the SEC, per standard operating procedures were from 8:00 a.m. to 4:30 p.m. Based on interviews with her and her immediate supervisor (Captain Charlene Balch), her duties are as follows.

*The ABC Permits Coordinator function involved:*

- Interfacing with citizens to receive ABC permit applications;
- Re-distributing permit applications to Zoning, the appropriate Crime Prevention Officer, and the Fire Department;
- Collecting completed permit applications from the respective departments;
- Routing permit applications to the Deputy Chief for signature; and
- Returning permit applications to the citizens to obtain the ABC licenses.



## Objectives (continued)

The ABC Permits Coordinator activities were handled mainly via e-mail. Delays with Zoning, the Crime Prevention Officer or the Fire Department required on occasion, that the SEC follow-up on the status of a permit application.

### *The Towing Inspector function involved:*

- Attending a quarterly meeting with the Towing Committee;
- Addressing any complaints from citizens or the towing companies; and
- Making periodic visits to the towing companies and monitoring their compliance with policy.

### *The Secondary Employment Coordinator involved:*

- Receiving and posting jobs requested by citizen vendors in the Durham area;
- Coordinating agency wide jobs;
- Administering the CYA system;
- Finding, on occasion, officers to fill in at the last minute at a vendor location;
- Acting as the coordinator for the new and short term assignments;
- Preparing invoices and all that entails for the vendors; and
- Monitoring the number of overtime hours earned by the officers working off duty jobs.

### *Assessment of Workload*

The SEC's immediate supervisor stated that she felt the distribution of time for the SEC's various job responsibilities could be divided as follows: Towing Inspector ~ 15%, ABC Permits Coordinator ~ 10%, SEC ~ 75%. Based on this distribution, it is reasonable to conclude that at least 5 to 5 ½ hours each day during normal working hours could have been devoted to the SEC duties. Captain Balch's assessment was also based on the fact that she had performed these functions herself during her career, and at a time prior to the automated CYA system.

Site Coordinators manage jobs that are regular long-term assignments. The Site Coordinators make the schedules, enter the schedules into the CYA program, and handle all complaints or issues for a job site. Since the SEC's responsibilities include coordinating jobs for the short term assignments, Site Coordinators were interviewed to get a sense of their workload. Several Site Coordinators indicated that it took approximately one to two hours per month to perform these duties. The Site Coordinators do not receive any additional pay for performing these duties. Approximately 322 vendors are recorded in the CYA program. Of those approximate 322 vendors, the SEC indicated that she functioned as the coordinator for approximately 27 vendors or 8% of all of the jobs.

Prior to assuming the SEC duties, her Towing Inspector duties consumed time because of the large numbers of complaints that had to be addressed. Chief Lopez indicated that a restructuring of that program minimized considerably the effort required by the SEC on a daily basis. This restructuring occurred prior to October, 2008.

Objectives (continued)

**2. To determine if there was sufficient documentation to substantiate the overtime hours claimed.**

Audit Services calculated extra hours claimed by the SEC, based on compensatory time and overtime hours recorded on the Police Department time records (work period logs) for the period September 1, 2008 to August 31, 2009. Work period logs documented extra hours claimed on a weekly rather than daily basis. In order to analyze extra hours per day, Audit staff averaged the data.

Hours Claimed	Average Hours Claimed Per Day
Scheduled work days	15
While on leave	9
On weekends and holidays	8

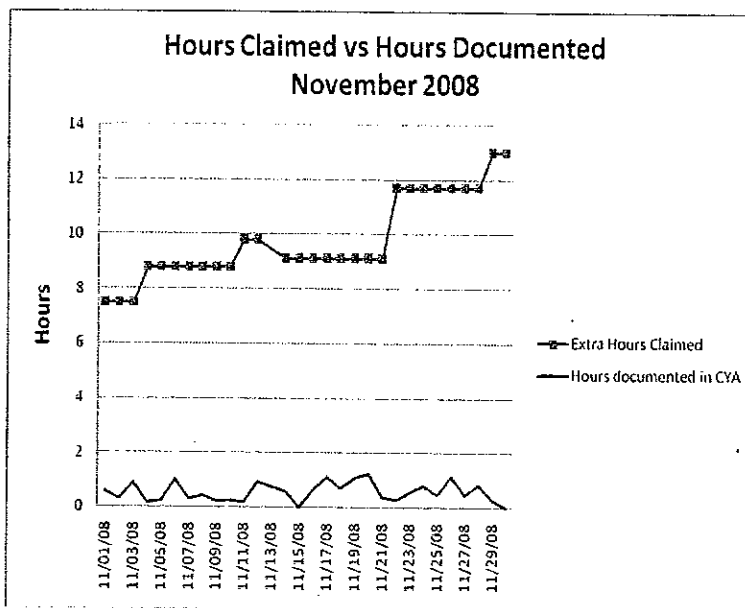
The SEC received overtime pay for 1837 hours (\$62,583.13) and claimed City compensatory time of 904 hours during this period. As the table above indicates, compensatory time and/or overtime were claimed even when she was using compensatory leave time. She used approximately 581 hours (16 weeks) of leave time during this period. The SEC stated in her interview that she worked while on leave.

The month of November was selected as the sample month for the analysis because this month reflected the highest overtime/compensatory time claimed. The SEC claimed 285 additional hours in November, 2008 above her normal work hours (150). Audit staff analyzed the extra hours actually worked during this period to compare it to the hours of overtime claimed. Work period logs completed by the SEC cited secondary employment (268 hours) and towing issues (17 hours) as reasons for working the extra hours.

In the absence of daily time sheets, Audit staff used a triangulation process to substantiate the overtime and compensatory hours claimed. Information gathered included emails, the CYA program time records, and phone records. Phone records were submitted by the SEC to support her claim for overtime hours reported; however, Audit Services was not able to analyze the information in any meaningful way. E-mails were reviewed. Based on the time stamp and content of the e-mails, Audit Services was not able to determine the amount of time claimed by the SEC. Audit staff reviewed and tallied CYA program logs for time recorded after normal work hours, weekends, and days off, to document hours worked in the system.

The review of the above mentioned records, documented only 16 hours worked; leaving 269 undocumented hours.

Objectives (continued)



Based on e-mails and CYA program documentation examined by the Audit staff, it is evident that the SEC did receive e-mails from individuals during all hours (day, night, holidays, and weekends). She also posted jobs during all hours of the day, night, weekends, and while on leave. Even though it was apparent that the SEC was interacting with the system during all hours of the day, night, weekends, and while on leave, the question is whether the level of interaction warranted the time spent. The job requests received from vendors typically had at least a 4 week lag time. Based on information provided to Audit Services, it did not seem reasonable that jobs could not be posted from 8:00 a.m. to 4:30 p.m. as opposed to 5:30 a.m. when the SEC was coming to work in a few hours. It also did not seem reasonable that e-mails received on the weekends could not be addressed on Monday.

3. To determine if the proper controls were in place to prevent fraud, waste, and abuse of overtime/compensatory time hours earned.

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Deputy Chief B. J. Council approved overtime hours claimed by the employee. Per the Deputy Chief, she did not monitor the SEC's time and no one else was involved in the process. The Deputy Chief approved most (10 of 12) of the SEC's overtime earnings (\$62,583.12). All of the work period logs were approved without any detailed documentation.

The SEC's immediate supervisor is Captain Charlene Balch. In the fall of 2008, the SEC's immediate supervisor noted that the SEC recorded an excessive amount of overtime for the month. She questioned the overtime and took it to the Deputy Chief. Per the immediate supervisor, the Deputy Chief acknowledged that she was aware of the overtime and compensatory time claimed. The Deputy Chief also stated that because the SEC was not allowed to work any off duty jobs, she was allowing her to earn extra time. From that point forward, the Deputy Chief assumed the responsibility for approving the SEC's leave,

## Objectives (continued)

compensatory time and overtime. Captain Balch continued to evaluate the SEC's Towing Inspector duties; but not her duties as the SEC.

The Administrative Chief, Jesse G. Burwell monitored overtime earned by officers in the Department. In April, 2009, he noticed the excessive overtime earned by the SEC. This matter was brought to the attention of Deputy Chief Hodge and Chief Lopez. The Administrative Chief advised the Chief that it was not reasonable for the SEC to be earning this level of overtime. This matter was also brought to the attention of Deputy Chief Council and the Chief in June, 2009 at an Executive Team meeting. Both the Chief and Deputy Chief Council defended the overtime expenditures in absence of supporting documentation. Deputy Chief Council indicated that since the SEC was not allowed to work off-duty jobs, she was allowing the SEC to make the overtime. Chief Lopez stated in his interview that the overtime did not seem out of line based on his previous assignment.

The Chief acknowledges that he was informed in April, 2009 by the Administrative Chief regarding the excessive overtime that the SEC had been paid up to that time. The information was brought to the Executive Team members and it was agreed that action should be taken to bring reasonableness to the amount of overtime claimed and to identify another employee that could assist with the SEC duties. Chief Lopez indicated that he formed a committee to look into the matter. However, as of this investigation, no action was taken to investigate the job responsibilities of the SEC, to evaluate or review documentation to support the overtime and compensatory time taken, or to begin to train a backup. The SEC was not told to stop working overtime. The overtime hours did begin to drop slightly but they did continue. From April, 2009 through September 11, 2009, she did continue to receive overtime pay. The department had the control in place to identify excessive overtime; however, senior management failed to take appropriate action once notified of the excessive overtime.

Prior to the SEC assuming the responsibilities as the secondary employment coordinator, Chief Lopez sanctioned an internal review of the Secondary Employment program in June, 2008. That study noted the following recommendations:

- *Utilize the chain of command and remove high level command from administration decisions.*
- *Provide training and access to at least one of the SEC's supervisors in the use and capabilities of the CYA system at an administrator level;*
- *Require detailed monthly reports and establish some type of oversight.*

The systems were not exactly compatible (more system functionality is currently being utilized), however, the issues pertaining to supervision that were clearly stated in the special inspection report by Sergeant Hampton in 2008, could have been incorporated into the Secondary Employment program utilizing the new automated CYA system.

**Objectives (continued)**

Payroll is processed through the Finance department. The Finance department requires every City department to enter hours worked into MUNIS and submit a report each pay period that shows the employee pay, hours, rate, and amount. This report is approved by the appropriate authority in each department. In addition, the payroll clerk has a responsibility to question any hours that look suspicious. In this instance, the payroll clerks (in Finance) had several emails documenting questions they raised regarding the SEC's excessive overtime. They were informed by the time keepers at the Police department, that the overtime earned by the SEC was approved by the Deputy Chief. The Police department timekeepers did not question the authority of the Deputy Chief. The Finance department's payroll clerks notified their manager of the excessive overtime; however because of the level of approval authority for the SEC's overtime pay, the matter was not questioned or escalated to a higher authority.

## **CONCLUSION**

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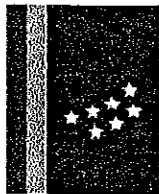
- The overtime and compensatory time claimed by the SEC during the period under investigation were not justified or reasonable due to the following:
  - Based on time claimed on her work period logs, the SEC worked approximately 79 hours per week (4,110/52 weeks) which included working on days while on leave. If she did not work any additional hours while on leave, she would have worked approximately 114 total hours per week for 36 weeks (52 weeks per year less 16 weeks of leave taken).
  - The amount of overtime and compensatory time claimed by the SEC could not be substantiated through the review of documentation obtained.
  - Interviews revealed that the amount of overtime and compensatory time earned by the SEC were to compensate her for not being able to earn compensation for secondary employment.
- Lack of oversight enabled abuse of overtime and compensatory time claimed.
  - The Deputy Chief approved ten of the twelve work period logs that recorded the overtime and compensatory time earned for the SEC. The Deputy Chief failed to monitor and require detailed documentation concerning hours claimed.
  - The Police Chief and the Deputy Chief failed to act when notified of the excessive amount of overtime and compensatory time earned by the SEC in April, 2009. Even as late as September 11, 2009, the SEC received \$3,128.84 of overtime pay with no detailed daily supporting documentation for time claimed.
- The SEC was paid for compensatory leave taken at her regular pay rate. She claimed that she worked while on leave. Additional hours claimed for working while on leave were either added to her compensatory time balance or paid as overtime at the time and one-half rate. In claiming extra hours while on her days off, the SEC received in addition to her regular pay, either accrued compensatory time or paid overtime for the same hours.
- Police records show that the SEC has an accumulated City compensatory balance of approximately six hundred plus (600+) hours as of August 27, 2009. These hours are not reflected in the MUNIS system because there is a built in cut off of 480 hours.

## **RECOMMENDATIONS**

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- Perform a workload analysis for the SEC position to determine if responsibilities need to be reassigned.
- Prepare a job description for the SEC position detailing the responsibilities and circumstances under which compensatory time/ overtime can be claimed and amend General Order 2017 R-8, titled Secondary Employment to include the SEC responsibilities.
- Determine if the SEC position can earn secondary employment. Guidelines should be set regarding this.
- All overtime/ compensatory time should be approved with proper documentation detailing the hours and work performed.
- The Finance department should review overtime earnings of all employees on a quarterly basis and if anomalies are detected, the Finance director (or designee) should notify the Police Chief and the Administrative Chief. The Police department should monitor overtime earned at a minimum quarterly, and investigate any unusual overtime. Lack of corrective action should be escalated to the City Manager.
- The Finance department should review overtime earnings quarterly for all employees, and the Finance director or designee should notify department heads and the respective deputy city managers concerning any anomalies.
- The Police department should monitor compensatory time to ensure that personnel are not accumulating in excess of 480 hours.
- The Police department should develop guidelines within their payroll department to provide the timekeepers with specific procedures to follow for overtime and compensatory time irregularities, regardless of signature authority.
- Management should attempt to recoup the value of the 581 hours of leave time paid because the SEC received in addition to her regular pay, either accrued compensatory time or paid overtime for the same hours.
- Management should determine if additional review is needed to quantify the SEC's liability to the City for funds received as a result of claiming excessive overtime for the period of September 1, 2008 to August 31, 2009.

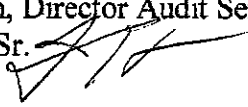
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September 28, 2009

**MEMO TO:** Germaine Brewington, Director Audit Services  
**FROM:** Chief Jose L. Lopez, Sr. 

**RE:** Investigation by the City's Internal Audit Division

This memo is in response to the findings and recommendations made by the City's Internal Audit Department as a result of their investigation of the overtime and compensatory time claimed by our Secondary Employment Coordinator (SEC) for the period of September 1, 2008 to August 31, 2009.

The Department acknowledges and agrees with the following findings in the audit report:

1. The SEC's overtime and comptime claims were not justifiable or reasonable and, as a result, the Department plans to perform a full audit on the records of the time in question.
  - The SEC accrued overtime hours while on leave.
  - The SEC did not provide the Audit Committee with sufficient documentation to substantiate hours worked.
  - Interviews performed by the Audit Committee revealed overtime and compensatory time earned by the SEC were to compensate her for not being able to earn compensation for secondary employment.
2. A lack of oversight enabled the abuse of the overtime and compensatory time claimed by the SEC.
  - Deputy Chief Council approved a majority of the SEC's work period logs and failed to monitor and require detailed documentation related to hours worked by the SEC.
  - The report by the Audit Committee states that, the Police Chief and Deputy Chief failed to act when notified of the excessive amount of time earned; however, it should be noted that actions were taken to correct the situation. While actions taken did not stop the overtime, overtime claims by the SEC were substantially reduced.
3. The SEC received compensatory time and paid overtime for the same hours.
4. As of August 27, 2009, the SEC had accumulated a City compensatory balance of 600+ hours which are not reflected in the MUNIS system because this system has a built in cut off of 480 hours for nonexempt sworn personnel.



The specific steps taken to comply with the recommendations in the audit report are outlined below:

- A work load analysis of the SEC position will be completed by October 30, 2009 to determine if responsibilities need to be reassigned.
- A job description, including the situations under which compensatory time and overtime can be claimed for the SEC position, will be completed by October 30, 2009. General Order 2017 R-8 will be amended to include the SEC responsibilities by October 30, 2009.
- A determination and guidelines will be set by October 30, 2009 regarding whether or not the SEC position can earn secondary employment.
- Beginning November 1, 2009, the Police Department will monitor, on a quarterly basis, nonexempt employees' compensatory time to ensure that sworn personnel are not accumulating in excess of 480 hours and non-sworn personnel in excess of 240 hours and that all such time is appropriately documented.
- The Department will develop and add guidelines to their Payroll Unit's Standard Operating Procedures by October 30, 2009 to provide personnel with specific procedures to follow for overtime and compensatory time irregularities, regardless of signature authority.
- An additional review will be performed and completed ASAP to determine the total amount of funds that the SEC may need to repay the City.

I acknowledge the seriousness of this event and the blemish it has had on the city and this police department. As mentioned, we are taking steps to comply with the recommendations outlined in the audit report.

The Department has implemented and receives a financial report which identifies all employees who receive overtime pay showing the amount of each individual overtime payroll for each employee. At the end of the fiscal year, we plan to identify the top twenty (20) earners of overtime and ask that the City's Internal Audit Department audit a random sampling of these employees to ensure compliance with the City's overtime policy.

A committee to overhaul the Secondary Employment Program was put in place prior to this event and its progress will be accelerated so that an improved program can be offered for consideration. The following temporary changes have been made to the Secondary Employment Program:

- The responsibilities associated with the Tow Inspector and ABC Permits Coordinator have been separated from the Secondary Employment Coordinator and re-assigned.
- Corporal Melissa Kennedy has been assigned as the SEC with Sergeant Duane Hampton as her direct supervisor.
- The Secondary Employment Program is being managed through IAD.

- Twenty-four hour availability for Secondary Employment Coordination has been discontinued and replaced with a M/F daytime schedule.

The action being taken along with adherence to other internal controls related to overtime should keep this situation from repeating itself.



**DATE:** September 29, 2009

**TO:** Germaine Brewington, Audit Services Director

**FROM:** Keith R. Herrmann, Interim Finance Director *KRH*

**SUBJECT:** Finance Department's Response to Recommendations Included in the Excessive Police Overtime Investigation Report

The Audit Services department has prepared a report entitled "Investigation of Secondary Employment Coordinator Overtime Claimed" (September, 2009). Included in this report are 10 recommendations, of which two mention the Finance department (page 14):

- The Finance department should review overtime earnings of all employees on a quarterly basis and if anomalies are detected, the Finance director (or designee) should notify the Police Chief and the Administrative Chief. The Police department should monitor overtime earned at a minimum quarterly, and investigate any unusual overtime. Lack of corrective action should be escalated to the City Manager.
- The Finance department should review overtime earnings quarterly for all employees, and the Finance director or designee should notify department heads and the respective deputy city managers concerning any anomalies.

In response to the Police overtime incident, the Finance department's Accounting Services division has modified its payroll desk procedures that will increase the probability that similar incidents of seemingly excessive overtime will be detected sooner in the future. The current procedures, which have been in place for every payroll run since the implementation of MUNIS in January 2007, include, among other things, the controls used to verify that pay types and amounts are correct and that the appropriate authorizations have been received. Accounting Services has added an additional control of documenting and retaining any exceptions that occur using the existing controls. Accounting Services will review every payroll in process and compare it to the prior two payrolls, and review all payrolls at the end of each quarter, to determine if there are any anomalies or trends that are developing. The present process is to question a single payroll by either sending an e-mail or writing down notes on paper to examine exceptions that occur. These notes are not usually retained. An additional control that requires department supervisor's review of overtime is the Check Distribution List for reviewing amounts paid to employees. On the Check Distribution List, there are three columns related to pay, with the last column showing overtime paid for that particular payroll. This list is sent to the department for every payroll.

Going forward, the Finance department will review overtime earnings of all employees on a quarterly basis, and if anomalies are detected, the Finance director (or designee) will notify the Police Chief and the Administrative Chief. Continuing anomalies will be escalated to the City Manager. Also, the Finance department will review overtime earnings quarterly for all employees, and the Finance director (or designee) will notify department heads and the respective deputy city managers concerning any anomalies.