



A Report to the Galveston
City Council

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Audit Report
AU2016-3

Overtime- Police and Fire Department Audit Report



Report Summary

The City of Galveston allows overtime pay to address emergency situations, deliver essential services, provide holiday coverage, and other priority staffing needs that require the Police and Fire employees to work beyond their normally scheduled work hours. The City is legally required by the Fair Labor Standard Act (FLSA), Texas State Law, the City of Galveston Employee Handbook and the Collective Bargaining agreements to compensate non-exempt employees at one and one-half (1.5) times their regular rate of pay for each hour of work in excess of 40 hours in a work week. There are no findings for the City Auditor to report to The Mayor and The Council. The City Auditor recommends that the internal controls for overtime analysis could be greatly enhanced through a routinely documented system of monitoring overtime general provisions and overtime reporting. A documented system of monitoring could aid management in terms of their cost-effectiveness and alternatives to the use of premium pay to accomplish tasks or program objectives. The City Manager's Office concurs with the Auditor's recommendations.



OVERTIME - POLICE AND FIRE DEPARTMENT
CITY AUDITOR

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AUDIT TEAM

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City of Galveston
Overtime- Police and Fire Department
City Auditor Executive Summary

August 29, 2016

Background

The City of Galveston allows overtime pay to address emergency situations, deliver essential services, provide holiday coverage, and other priority staffing needs that require the Police and Fire employees to work beyond their normally scheduled work hours. The City is legally required by the Fair Labor Standard Act (FLSA), Texas State Law, the City of Galveston Employee Handbook and the Collective Bargaining agreements to compensate non-exempt employees at one and one-half (1.5) times their regular rate of pay for each hour of work in excess of 40 hours in a work week.

The Police and Fire Departments are in charge of establishing the internal control policies and procedures for overtime within their departments at the City of Galveston. In turn, the City Auditor Department is responsible for evaluating the design and operating effectiveness of those internal controls.

Objective

The objective of this report is to evaluate the design and operating effectiveness of the Police and Fire internal control framework over overtime processes related to *(1) general provisions, (2) reporting, and (3) analysis.*

(1)General Provisions - The general provisions of internal controls for overtime is to provide a complete set of written principles for adhering to the requirements, laws, and regulations that a municipal government is subject to.

(2)Reporting - The objectives of internal controls for reporting overtime is to ensure a systematic and comprehensive set of standards exists for measuring and recognizing overtime.

(3)Analysis - The objectives of internal controls for overtime analysis is to provide a documented system of monitoring overtime general provisions and overtime reporting.

Scope

The scope of procedures included interviews and inspections of file documents. Interviews were conducted with:

- Police Department City of Galveston.
- Fire Department City of Galveston.
- Deputy City Manager.

Fieldwork was conducted from October 1, 2012 through September 30, 2015.

City of Galveston
Overtime– Police and Fire Department
City Auditor Executive Summary

Fieldwork Performed

The City Auditor Department audited the Police and Fire internal control framework for overtime processes against a set of audit criteria determined to be best practices attached in Appendix 1. Each internal control listed in Appendix 1 was then evaluated to determine if the control was implemented and effective. The City Auditor Department also noted if opportunities exist for the improvement of those internal controls listed in Appendix 1.

Audit Findings

There are no findings for the City Auditor to report to The Mayor and The City's Overtime Processes. The City Auditor Department will make itself available to consult if the Police and Fire Departments should choose to act upon improving internal controls for the overtime processes at the City of Galveston.

Auditor Recommendations

The City Auditor recommends that the internal controls for overtime analysis could be greatly enhanced through a routinely documented system of monitoring overtime general provisions and overtime reporting. A documented system of monitoring could aid management in terms of their cost-effectiveness and alternatives to the use of premium pay to accomplish tasks or program objectives.

Staff Conduct

All staff acted in a professional and timely manner.

City Manager's Response

The Manager concurs with the Auditors recommendations. Controlling overtime in the public safety area is a challenge as a result of minimum staffing needs and terms resultant from collective bargaining. Recent changes in the Fire CBA will provide Department leadership greater control over perceived abuse of sick leave that resulted in excessive overtime costs. Police overtime costs have been driven by extra work details that are reimbursed to the City at various levels and significant staffing shortfalls in dispatch. Recent changes in leadership in dispatch has resulted in staffing levels nearing 100 percent and other modifications to pay and hours have already reduced projected 2016 overtime costs.

Appendix 1: Internal Control Activities Form for Police and Fire Overtime Processes	Internal Control is Implemented and Effective	Processes Could be Improved
General Provisions		
1. The City of Galveston conforms to overtime provisions of the FLSA and applicable state laws. Personnel shall refer to the City's personnel pay policy, FLSA policy and Collective Bargaining agreements for details exempt and non-exempt positions, circumstances in which overtime pay may be granted, rates of payment for all overtime that qualifies for payment at the premium rate and related matters.	X	
2. At the discretion of the Police Chief or the Police Chief's designee overtime shall be payable in cash or compensatory time off if mutually agreed upon.	X	
3. All requests for work overtime shall be approved in advance by a supervisor. If circumstances do not permit prior approval, then approval shall be sought as soon as practicable during the overtime shift and in no case later than the end of shift in which the overtime is worked.	X	
4. Employees are to record the actual time worked in overtime status. The supervisor shall ensure the employee's entries are with the guidelines of the Collective Bargaining Agreement prior to approval.	X	
Reporting		
1. Overtime is assigned by the supervisor on duty for the Police Department. The Fire Department when staff goes below the required (30) thirty employees on duty the Battalion Chief or Fire Chief will hire off duty employees for overtime.	X	
2. All overtime shall be noted in the payroll system and be approved by the supervisor when the overtime is worked.	X	
3. Paid overtime and unpaid compensatory time will be recorded separately.	X	
4. Overtime funds expended under federal or state grants programs will be accounted for separately from those in the general fund.	X	
5. They payroll clerk shall maintain overtime records and provide overtime summary information to management.	X	

Appendix 1: Internal Control Activities Form for Police and Fire Overtime Processes	Internal Control is Implemented and Effective	Processes Could be Improved
6. The supervisors shall monitor individual and summary data reports of overtime expenditures.	X	
Analysis		
1. No task or function shall be performed on overtime by an employee that could otherwise be performed during regular hours.	X	X
2. Supervisors shall establish and hold personnel responsible for a level of performance during standard work hours that minimizes the need for overtime and/or the need for additional personnel.	X	X
3. Only overtime required to meet vital services demands of the department shall be authorized.	X	X
4. All tasks and functions that require the use of overtime shall be routinely evaluated in terms of their cost-effectiveness. Alternatives to the use of premium pay to accomplish these tasks or program objectives shall be evaluated and implemented where appropriate.	X	X
5. All overtime must receive advance authorization by a supervisor unless unreasonable due to emergency circumstances.	X	X