



March 17, 2017

Special Audit

Officer Overtime

Albuquerque Police Department

Report No. 16-107

Weekly Employee Time Sheet

[Timeclocks by Virtue42.com](http://www.timeclock.com)

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[Company Name]

[Address 1]
[Address 2]
[City, State ZIP]
[Phone]

Employee Name: _____

Manager Name: _____

Week Starting: **12/6/2010**

Day of Week	Time In	Time Out	Time In	Time Out	Total Hrs	Regular Hrs	Overtime Hrs	Sick Hrs	Vacation Hrs
Mon 12/6	7:00 AM	11:30 AM	12:30 PM	4:00 PM	8.00	8.00			
Tue 12/7	5:00 PM	9:00 PM	10:00 PM	3:00 AM	9.00	8.00	1.00		
Wed 12/8	8:00 AM	12:00 PM	1:30 PM	4:00 PM	6.50	6.50		1.50	
Thu 12/9					0.00	0.00			8.00
Fri 12/10	8:00 AM	12:00 PM	12:45 PM	5:00 PM	8.25	8.00	0.25		
Sat 12/11					0.00				
Sun 12/12					0.00				

Total Hrs: 30.50 1.25 1.50 8.00

Rate/Hr: 15.00 22.50 15.00 15.00

Total \$: 457.50 28.13 22.50 120.00

Employee Signature _____ Date _____

Manager Signature _____ Date _____

Grand Total \$: 628.13

**CITY OF ALBUQUERQUE
OFFICE OF INTERNAL AUDIT**

PERFORMANCE AUDIT REPORT
OFFICER OVERTIME
ALBUQUERQUE POLICE DEPARTMENT
REPORT NO. 16-107

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Officer Overtime

Performance Audit

March 17, 2017

Audit #16-107

The purpose of this audit was to determine if internal controls at the Albuquerque Police Department ensure the validity of officer overtime and detect irregular overtime activity.

Recommendations

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APD should:

- Ensure SOPs are followed for overtime transactions, or consider modifying the SOPs to better fit their current practices.
- Ensure all officers follow correct protocol for grant funded overtime.
- Centrally monitor overtime transactions for irregular activity, and consider using trend analyses to regularly monitor overtime for irregular activity.
- Create a report for the Chief of Police (Chief) that includes irregular overtime activity that incorporates analyses important to the Chief for maintaining the integrity of APD's overtime.
- Reconcile the timekeeping system to the payroll system on an ongoing basis.

Executive Summary

This audit was not included in the Office of Internal Audit's fiscal year 2016 audit plan but was initiated as a result of an anonymous call received by the Director of Internal Audit.

The Albuquerque Police Department (APD) has implemented an effective process and system for managing department regulations. The system houses, disseminates, and documents each officer's review and acceptance of APD's Standard Operating Procedures (SOPs).

SOP compliance issues were noted for pre-approving and recording of overtime transactions. Although it may be difficult to document certain types of pre-approval, it is an important control for validating overtime. APD may benefit from reviewing and revising SOPs to ensure they are aligned with current practices and expected outcomes.

APD can also ensure the validity and integrity of officer overtime by monitoring for irregular activity and reconciling overtime information between City systems. These activities would be very beneficial to APD's Command Staff for identifying unauthorized overtime.

APD agrees with the report recommendations and will revise internal procedures for reviewing overtime as well as modify related SOPs. APD will also design and distribute reports for monitoring overtime, and examine alternative solutions for reconciling the timekeeping and payroll systems.



City of Albuquerque

Office of Internal Audit

March 17, 2017

Accountability in Government Oversight Committee
P.O. Box 1293
Albuquerque, New Mexico 87103

Audit: Officer Overtime
Albuquerque Police Department
Audit No. 16-107

FINAL

INTRODUCTION

The Office of Internal Audit (OIA) conducted a special audit of the Albuquerque Police Department's (APD) officer overtime for fiscal year 2016 (FY16). This audit was not included in OIA's FY16 audit plan but was initiated as a result of an anonymous call received by the Director of Internal Audit. Information pertaining to the audit objectives, scope and methodology can be found in **Appendix A**.

With the exceptions of Chief's and Court overtime, the audit included all officer overtime during FY16.

APD officers are entitled to overtime compensation at the rate of time-and-one-half their regular straight time rate when they perform work in excess of forty (40) hours in any one workweek. Section 3.2.1 of the Collective Bargaining Agreement, between the City of Albuquerque (City) and the Albuquerque Police Officers Association, establishes how officers will be compensated for overtime.

Standard Operating Procedure 1-11 Overtime, Compensatory Time and Work Shift Designation (SOP 1-11) is APD's policy to compensate personnel for all overtime worked in the form of wages and/or compensatory time as provided by law.

Officers enter overtime hours into the City's timekeeping system, which are approved by their

direct supervisor. Overtime hours are verified and monitored by the chain of command of each Section within APD. At end of the pay period, time entry information from the timekeeping system is transmitted to the City payroll system, and processed by the Department of Finance and Administrative Services.

Grant funded overtime, with the exception traffic overtime, is tracked and monitored by APD's Planning Division. Grant funded traffic overtime is tracked and monitored by a Management Analyst assigned to the APD Traffic Section.

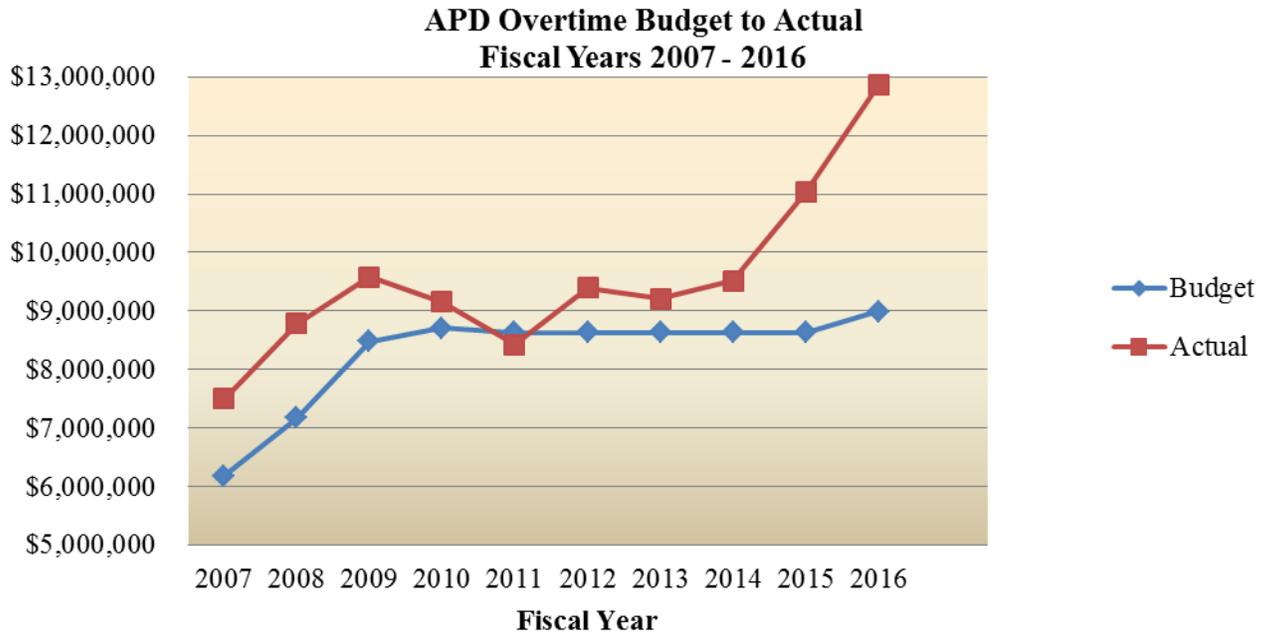
APD's actual overtime for FY16 was over budget by approximately \$3.9 million. The Neighborhood Policing Division made up the majority of this amount and was over budget by \$2.7 million (70-percent of the total). The table below illustrates actual APD overtime compared to budget by division for FY16. APD Command Staff have stated that this is a result of the understaffing of APD officers.

**APD - Overtime by Division
 Actual Compared to Budget
 FY Ending June 30, 2016**

APD Division	Actual	Budget	Over/(Under)	Percentage Over/(Under) by Division	Percentage Over/(Under) of Total
Administrative Support	\$258,351	\$79,058	\$179,293	227%	5%
Investigative Services	\$1,840,598	\$1,170,662	\$669,936	57%	17%
Neighborhood Policing	\$8,011,412	\$5,289,080	\$2,722,332	51%	70%
Off Duty Police OT Program	\$1,357,229	\$1,798,916	(\$441,687)	-25%	-11%
Prisoner Transport Program	\$317,381	\$157,500	\$159,881	102%	4%
Professional Accountability	\$1,071,006	\$495,744	\$575,262	116%	15%
Total	\$12,855,977	\$8,990,960	\$3,865,017		

Source: PeopleSoft System

APD's actual overtime is frequently over budget. The chart below shows that during the time period FY07 through FY16 APD's actual overtime was over budget each year except for FY11. The chart also shows that from FY15 through FY16 that APD's actual overtime was over budget by an increasing amount. The trends of the chart suggest that APD's actual overtime may continue to be over budget by an increasing amount in future fiscal years.



Source: City of Albuquerque Budget Documents

APD requires that departmental regulations be reviewed and updated annually. APD has implemented an effective process for managing department regulations and uses an electronic document management system called Power DMS to:

- House all APD regulations,
- Disseminate, review, and comply with revisions to APD regulations, and
- Monitor whether revisions to APD regulations have been reviewed and accepted by APD employees.

FINDINGS

The following findings address areas that OIA believes could be improved by the implementation of the related recommendations.

1. APD SHOULD ENSURE THAT PROTOCOL IS FOLLOWED FOR THE PRE-APPROVAL AND RECORDING OF OVERTIME.

APD personnel do not consistently follow Standard Operating Procedures (SOPs) for pre-approving and recording overtime transactions. One issue was also noted for the pre-approval and compliance for grant funded overtime. The SOPs have specific requirements that must be followed when pre-approving and recording overtime transactions. Unauthorized overtime may be paid for transactions that are not pre-approved.

Pre-approving and Recording Overtime

APD personnel do not consistently follow Standard Operating Procedures (SOPs) for pre-approving and recording overtime transactions. Although it may be difficult to document certain types of pre-approval, it is an important control for validating overtime. For example, it is difficult to document the pre-approval for call out overtime as most of the approvals are verbal and not documented on APD overtime forms.

Of 24 overtime transactions tested, 21 (88-percent) had one or more issues relating to pre-approving and/or recording:

- Documentation of pre-approval by a Supervisor and/or Commander was not provided for 16 transactions (67-percent),
- Fourteen transactions were not recorded using the required overtime form,
- Three transactions did not include the call/case number or incident number of the activity requiring the overtime, and
- One transaction did not have documentation of review by an on-duty supervisor.

APD Staff, Supervisors, and Commanders did not consistently follow the required SOPs when pre-approving and recording overtime transactions. According to APD's Human Resource Analyst, when the timekeeping system was implemented during the first quarter of FY16, APD staff were verbally told to record their time into the timekeeping system instead of using the required overtime form. The SOPs were never

updated by APD Command Staff to require recording of time into the timekeeping system. This procedural change was not clearly communicated to APD staff.

SOP 1-11 requires pre-approving of overtime by the employee's supervisor, noting call/case or incident number, review by an on-duty supervisor, and completing the non-scheduled overtime form for all overtime transactions.

Unauthorized overtime may have been paid on transactions that were not pre-approved or recorded according to APD's SOPs. The population tested contains 56,630 overtime transactions. If the 67-percent error rate of overtime transactions without pre-approval is extrapolated to the test population, there are potentially 37,942 transactions that may not have been pre-approved, and might have been unauthorized.

Grant Funded Traffic Overtime

An APD officer worked five hours of grant funded traffic overtime, but did not follow overtime protocol. The grant funded overtime instructions issued by the APD Traffic Section have specific instructions for signing up, and recording overtime. Since protocol was not followed, the Grantor did not reimburse the City for the five hours of overtime the officer worked.

APD's grant funded traffic overtime instructions require:

- Officers to sign-up for overtime in advance,
- Communicate start and stop times, and
- The grant overtime be communicated via radio, and
- Officers to turn in their completed paperwork on time.

One out of twenty-four statistically sampled overtime transactions identified that the APD officer:

- Showed up and worked five hours of grant funded overtime without signing up in advance,
- Logged on to the Computer Aided Dispatch system with the wrong grant name which inaccurately documented the program activity, and
- Did not turn in the required paperwork after completing the required assignment.

According to APD Traffic Commander, the officer did not follow the correct protocol for the overtime and the issue was addressed with the officer.

If correct protocol is not followed, the City might not be reimbursed by the Grantor for

overtime worked by officers. Since the required paperwork was not turned in, the Grantor did not reimburse the City \$198.30 for the five overtime hours the officer worked.

RECOMMENDATIONS

APD should:

- Ensure SOPs are followed for overtime transactions, or consider modifying the SOPs to better fit the current practices.
- Ensure all officers follow correct protocol for grant funded overtime.
- Consider switching to an electronic sign-in process for grant funded traffic overtime to document pre-approval. Officers could receive an electronic confirmation that would document that he/she is approved to work the overtime.

RESPONSE FROM APD

“The current SOP relating to overtime does not reflect changes in processes that were implemented when the Department changed from using manual, paper time sheets to the current online time reporting system. APD agrees that the SOP should be modified to better fit current practices. APD will also review practices again with the goal of improving efficiency with the on line system.”

“APD agrees that the SOP relating to grant overtime should be modified to better reflect current procedures. APD is also reviewing grant procedures for best practices. APD will ensure that officers follow proper protocol for grant funded overtime.”

“APD is considering different alternatives including an electric sign-in process for grant funded traffic overtime to document approvals.”

ESTIMATED COMPLETION DATES

“All internal procedures for reviewing processes and modifying SOPs will be completed by June 30, 2017.”

2. APD SHOULD MONITOR OFFICER OVERTIME FOR IRREGULAR ACTIVITY.

APD does not monitor officer overtime for irregular activity. Monitoring for irregular activity involves an ongoing review of business processes to identify potential issues that would otherwise be undetected. If overtime is not monitored for irregular activity, potential issues such as collusion might not be identified, and unauthorized overtime transactions might be paid.

APD's current overtime monitoring processes are decentralized, and not monitored for irregular activity. Each of APD's Section Command Staff is responsible for monitoring overtime activity. APD's Fiscal Division monitors officer overtime by comparing the amount budgeted to the actual amount spent every two weeks. The results are communicated to the APD Chief and Executive Planning Director. However, none of these processes include monitoring for irregular activity, such as identifying and communicating the following:

- The highest overtime recipients on a weekly, monthly, quarterly, and annual basis.
 - If the same officers are regularly the highest recipients, APD should verify why the officers are the highest recipients to ensure validity. For example, during FY16, an APD officer had 60 hours of overtime in one week. Furthermore, this officer worked 35 hours of overtime over a 2 day or 48 hour period.
- Officers receiving 10 or more hours of overtime every week.
 - If the same officers are receiving 10 hours of overtime every week, APD could verify the reason for the consistent overtime.
- Trends and patterns of overtime, such as officers that receive overtime on particular days.

The above analyses could be very beneficial to APD's Chief Command Staff for identifying unauthorized overtime.

The Committee of Sponsoring Organization of the Treadway Commission's (COSO) *Internal Control – Integrated Framework (Framework)*, to assist organizations in “designing, implementing, and conducting internal control and assessing effectiveness of internal control.” The *COSO Framework* has gained global acceptance and is considered best practices for internal controls. Principle 16 of the *COSO Framework* states that the organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal controls are present and functioning.

Unauthorized overtime may result and be paid if irregular activity is not monitored on an on-going basis. Monitoring for irregular activity is a detective control that would allow APD to potentially identify collusion. Collusion can occur when an employee colludes with another individual, such as his/her supervisor to obtain personal benefit. For example, a supervisor may permit the employee to receive an additional 5 hours of overtime per week even though the employee has not worked the extra hours. If the employee is paid a rate of \$20 per hour, he/she could receive an additional \$7,800 per year ($\$20/\text{hour} \times 1.5 \times 5 \text{ hours} \times 52 \text{ weeks}$).

RECOMMENDATIONS

APD should:

- Centrally monitor overtime transactions for irregular activity, and consider using trend analyses to regularly monitor overtime for irregular activity.
- Create a report for the Chief of Police (Chief) that includes irregular overtime activity that incorporates analyses important to the Chief for maintaining the integrity of APD's overtime.

RESPONSE FROM APD

“The APD Fiscal Division will design and distribute reports similar to the suggestions made by the Office of Internal Audit.”

ESTIMATED COMPLETION DATES

“APD estimates a completion date of March 31, 2017.”

3. APD SHOULD RECONCILE OVERTIME TRANSACTIONS BETWEEN THE TIMEKEEPING AND PAYROLL SYSTEMS

APD's Fiscal Division does not reconcile between the timekeeping and payroll systems. If actual overtime paid is not reconciled to what was uploaded from the timekeeping system, changes made to the payroll system after the upload may not be valid or authorized. Changes to the payroll system can be made after the upload from the timekeeping system, which may contain unauthorized overtime changes that would remain undetected.

Overtime hour variances were noted between the timekeeping and payroll systems. The table below shows five different pay periods during FY16. Since APD's Fiscal Division does not reconcile between the timekeeping and payroll systems, they were unable to identify and validate the reasons for the variances in a timely manner.

**Officer Overtime Comparison by Hours
Five Random Pay Periods During FY16**

Date	Payroll System (PeopleSoft)	Timekeeping System (TeleStaff)	Variance
8/21/2015	7,695.25	7,525.58	169.67
10/30/2015	9,435.75	9,254.04	181.71
12/11/2015	11,072.75	10,295.14	777.61
12/25/2015	9,815.25	10,093.77	(278.52)
5/27/2016	11,973.51	12,222.59	(249.08)

Source: TeleStaff Timekeeping and PeopleSoft Systems

Although APD's Fiscal Division does not have the available staff and resources, reconciling overtime transactions between the timekeeping and payroll systems is essential for ensuring the completeness and accuracy of paid overtime.

Reconciling between the City's timekeeping sub-systems and the payroll system is not an isolated issue pertaining to APD but a citywide control weakness. After transmission of the information from the time-keeping sub-system into the City's payroll system, timekeepers can make edits to the payroll system up until the payroll system is locked for processing. This leaves overtime and other payroll transactions susceptible to unauthorized changes that may be undetected.

If actual overtime paid is not reconciled to what was uploaded from the timekeeping system, changes made to the payroll system after the upload will not be identified and verified.

According to the *COSO Framework*, reconciliations compare two or more data elements. If differences are identified between the data sets in a timely manner, action can be taken to bring the data into agreement. Reconciliations generally address the completeness and/or accuracy of processing transactions.

RECOMMENDATION

APD should reconcile the timekeeping system to the payroll system on an on-going basis.

RESPONSE FROM APD

“The APD Fiscal Division does not currently have the staff and resources needed to complete this project. Differences in the manner that the two systems summarize data coupled with the required City time line for successfully completing the biweekly payroll process make the reconciliation process very manual and time intensive for a Department with more than 1,500 employees. APD will continue to examine alternative solutions for achieving the desired results.”

ESTIMATED COMPLETION DATES

“APD estimates a completion date of June 30, 2017.”

CONCLUSION

Consistently following SOPs and protocol for overtime transactions are significant controls that are intended to prevent unauthorized overtime from being approved and paid. Reconciliation of subsidiary systems to main systems and on-going monitoring can effectively detect potential fraud, waste, and abuse.

We greatly appreciate the assistance, involvement and cooperation of the APD management and staff. Their willingness to be straightforward throughout the audit process reflects their dedication and commitment to improve APD and their accountability to the citizens of the City of Albuquerque.

Officer Overtime
Albuquerque Police Department
March 17, 2017

16-107

Senior Information Systems Auditor

REVIEWED & APPROVED:

APPROVED FOR PUBLICATION:

Lawrence L. Davis, Acting City Auditor
Office of Internal Audit

Vice Chairperson, Accountability in
Government Oversight Committee

APPENDIX A

OBJECTIVE

The audit objectives were to determine:

1. Are overtime regulations regularly updated and communicated throughout the Albuquerque Police Department (APD)?
2. Are internal controls effective for ensuring APD overtime is verified and approved?
3. Are processes for monitoring APD overtime effective for identifying irregular activity?

SCOPE

Our audit did not include an examination of all functions and activities related to APD's overtime. Our scope was limited to the objectives above.

This report and its conclusions are based on information taken from a sample of transactions and do not represent an examination of all related transactions and activities. The audit report is based on our examination of activities through the completion of fieldwork on January 19, 2017 and does not reflect events or accounting entries after that date.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

METHODOLOGY

Methodologies used to accomplish the audit objectives include but are not limited to the following.

- Determined if Standard Operating Procedure 1-11 Overtime, Compensatory Time and Work Shift Designation (SOP 1-11) is communicated to APD employees,
- Interviewed APD Fiscal, Command Staff and SOP Liaison employees,
- Generated a list of APD officers receiving overtime during fiscal year 2016 (FY16) using the PeopleSoft system query function excluding Chief's and Court overtime,

- Generated a statistical, random sample using “The Number” sampling software to provide a 90 percent confidence level,
- Identified APD employees who were high recipients for the year and month during FY16 using the Audit Command Language (ACL) application,
- Identified trends of APD employees receiving overtime using the ACL application,
- Interviewed Commanders, Lieutenants, and Fiscal employees at various APD sites,
- Determined if the non-scheduled time form was completed and approved as required by SOP 1-11, and
- Determined if overtime was pre-approved by the Supervisor and/or Commander as required by SOP 1-11.