

**INVESTIGATION REPORT
OF
FIRE TIME CHANGES
ALBUQUERQUE FIRE DEPARTMENT
REPORT NO. 10-211**



**City of Albuquerque
Office of Internal Audit**

**Albuquerque Fire Department - Investigation
Fire Time Changes
Report No. 10-211
Executive Summary**

Background: The Office of Internal Audit (OIA) conducted an investigation concerning possible unauthorized changes to time records in the TeleStaff scheduling system (TeleStaff) maintained by the Albuquerque Fire Department (AFD). The investigation was predicated upon a concern of the AFD Chief and his management staff that time off taken by the former Fire Logistics Manager had originally been recorded appropriately, but was later changed to show as regular hours worked. The AFD Deputy Chief provided OIA with documentation showing the time changes. The documentation provided by the AFD Deputy Chief provided sufficient information to initiate an investigation.

Objective: Is there evidence that unauthorized changes were made to time records in the TeleStaff system?

OIA Findings:

- The Fire Logistics Manager requested and was approved to use compensatory (comp) time and managerial leave that he was not eligible to receive.
- The Fire Logistics Manager changed and/or deleted his own time records in Telestaff.

Recommendations:

- The Chief Administrative Officer should request that the Fire Logistics Manager pay the City back the \$5,783.40 of comp time and managerial leave that he was ineligible to use.
- AFD should regularly review user IDs and access rights to the TeleStaff system.
- Develop written policies and procedures regarding the editing and updating of time records.

Management responses are included in the report.



City of Albuquerque
Office of Internal Audit
P.O. BOX 1293 ALBUQUERQUE, NEW MEXICO 87103

February 23, 2011

Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Investigation: Fire Time Changes
Albuquerque Fire Department
10-211

FINAL

INTRODUCTION

The Office of Internal Audit (OIA) conducted an investigation concerning possible unauthorized changes to time records in the TeleStaff scheduling system (TeleStaff) maintained by the Albuquerque Fire Department (AFD). The investigation was predicated upon a concern of AFD Chief and his management staff that time off taken by former Fire Logistics Manager had originally been recorded appropriately, but was later changed to show as regular hours worked. The AFD Deputy Chief provided OIA with documentation showing the time changes. The documentation provided by the AFD Deputy Chief provided sufficient information to initiate an investigation.

SOURCES OF INFORMATION

As part of our investigation OIA analyzed the following:

- City Personnel Rules and Regulations
- Fair Labor Standards Act
- TeleStaff records and reports
- Fire Logistics Manager's Personnel and Administrative files
- Request for Paid Leave forms (P-30s)
- Collective Bargaining Agreements
- Government Finance Officers Association Best Practices
- Empath Payroll System historical reports
- People Soft payroll reports

BACKGROUND AND EVENTS

The Fire Logistics Manager retired as the Fire Chief from AFD on December 1, 1997. He was rehired as an AFD Emergency Operations Manager on April 1, 2003 and served in that position until August 25, 2003. The Fire Logistics Manager transferred to an AFD Grant Writer position August 25, 2003 until March 22, 2004 when he terminated employment. The Fire Logistics Manager was rehired by AFD on September 2, 2006 as a Fire Logistics Manager and left the position on March 29, 2010. The Fire Logistics Manager was an exempt position that was part of the City of Albuquerque (City) executive pay plan, and not part of any collective bargaining agreement.

A. Granting of and eligibility to receive/use compensatory (comp) time

According to a time record dated September 9, 2006 in TeleStaff, the Fire Logistics Manager was granted an accrual of 150 hours of comp time by his supervisor, the Deputy Chief, who has since retired. The Fire Logistics Manager's personnel file in the Human Resources Department (HRD) and the department personnel file at AFD did not contain any information discussing why he was granted the 150 hours of comp time.

OIA interviewed the HRD Manager to determine if the Fire Logistics Manager was eligible to receive comp time during the period September 2, 2006 through March 25, 2010 while he was the Fire Logistics Manager. The HRD Manager stated that since the Fire Logistics Manager position was set up as exempt when the Fire Logistics Manager was hired in 2006 that he was not eligible for comp time.

City employees belong to one of two basic groups, non-exempt and exempt. Both categories are compensated in accordance with the Fair Labor Standards Act (FLSA). Non-exempt employees are eligible for overtime. Exempt employees are salaried and compensation is not based on actual hours worked. Exempt employees are not eligible for overtime.

City Personnel Rules and Regulations, Section 302.2, Overtime Work states:

When overtime is required for non-exempt employees, compensation must be in accordance with FLSA and any applicable collective bargaining agreement.

Since the Fire Logistics Manager's position was exempt, he was not eligible for overtime.

The collective bargaining agreement between the City and the Albuquerque Area Fire Fighters Union effective July 1, 2006 thru June 30, 2008, Section 21 Work Hours and Overtime G. 1. states:

Comp time must be a mutual agreement between the City and the involved bargaining unit member.

Since the Fire Logistics Manager's position was non-bargaining this agreement did not apply to him.

OIA reviewed the Fire Logistics Manager's administrative file located at AFD and identified 20 P-30s totaling 157.5 hours in which the Fire Logistics Manager requested leave with pay for the following reasons during the time period March 2007 through January 2009:

- Nineteen were for comp time for a total of 147.5 hours
- One was for managerial leave for 10 hours

Each P-30 was approved by either the AFD Former Deputy Chief or the AFD Deputy/Assistant Chief. The Former Deputy Chief and the Deputy/Assistant Chief each supervised the Fire Logistics Manager during a portion of the time period September 2006 through March 2010. The Former Deputy Chief retired from the City on December 6, 2008. The Deputy/Assistant Chief is currently an AFD Deputy Fire Chief. OIA interviewed the AFD Deputy/Assistant Chief to determine why he approved the use of comp time when the Fire Logistics Manager was not eligible to use it. AFD Deputy/Assistant Chief said that he served under the Fire Logistics Manager when he was AFD Fire Chief. The AFD Deputy/Assistant Chief said that supervising his former boss was awkward, and so he did not question the appropriateness of the Fire Logistics Manager's request to use comp time. The AFD Deputy/Assistant Chief also mentioned that he was not familiar with the criteria concerning when an employee is eligible to use comp time.

OIA asked the AFD Fiscal Manager and the AFD Payroll Supervisor if AFD had a managerial leave plan authorized by the Chief Administrative Officer (CAO). Both the AFD Fiscal Manager and the AFD Payroll Supervisor stated that AFD has never had an authorized managerial leave plan.

City Personnel Rules and Regulations, Section 402.7, Managerial Leave states:

Managerial leave may be granted only as the result of a pre-existing plan or program authorized by the CAO which provides specific criteria, including the maximum award for such leave.

B. TeleStaff

The AFD Deputy Chief explained that the TeleStaff scheduling system initially generates a record for each day an AFD employee has a time transaction (i.e., regular or scheduled time). If the record needs to be adjusted for vacation, sick or other leave, the employee's supervisor can make authorized changes so it is correctly reflected in the system. TeleStaff creates a log of transactions for each time record. All records should have an

initial system generated transaction. If changes are made to the record they will be reflected in the log subsequent to the initial system generated transaction.

The AFD Deputy Chief provided OIA reports from TeleStaff identifying 49 time records changed by the Fire Logistics Manager. Seventeen of the 44 deleted records were changed by either the AFD Former Deputy Chief or the Fire Logistics Manager to comp time at various times and subsequently changed by the Fire Logistics Manager to regular hours worked on January 12, 2010 between 6:08 and 6:20 am. OIA determined that the initial system generated transaction was deleted for 44 of the 49 time records.

OIA also determined that:

- 22 of the 49 TeleStaff records did not agree with the Empath or PeopleSoft payroll systems.
- 17 of the 49 TeleStaff records did not agree with the approved P-30s.

C. City Payroll systems

OIA reviewed the Fire Logistics Manager's time transactions for the period September 2, 2006 through March 25, 2010 in both the Empath payroll system (Empath) and PeopleSoft Human Resource module (PeopleSoft HR) and determined that no comp time was recorded. OIA interviewed the Department of Finance and Administrative Services (DFAS) Accounting Systems Coordinator to determine why the requested comp time off was not reflected in either Empath or PeopleSoft HR. The Accounting Systems Coordinator explained that both Empath and PeopleSoft HR record comp time to the code CTO – FLSA non-exempt. According to the Accounting Systems Coordinators, since the Fire Logistics Manager was an exempt employee during the time period September 2, 2006 through March 25, 2010 CTO would not be a valid code and would not be recognized by Empath or PeopleSoft HR. The Accounting Systems Coordinator also said that since CTO is not a valid code for exempt employees, there would not be a comp time balance for the Fire Logistics Manager on Empath or PeopleSoft HR.

D. Vacation pay out

OIA's review of time transactions in Empath and PeopleSoft HR determined that the Fire Logistics Manager:

- Had an effective hourly pay rate of \$36.72 as of March 29, 2010.
- Used 0 hours of vacation during September 2006 through December 2008.
- Received a vacation hours pay out when he left City employment that totaled \$12,310.38 (335.25 vacation hours at \$36.72 per hour).

The Fire Logistics Manager received 157.5 hours of leave with pay consisting of comp time and managerial leave that he was not eligible to receive, which totaled \$5,783.40 (157.5 hours at \$36.72 per hour).

OBJECTIVE

The objective of the investigation was to determine:

- Is there evidence that unauthorized changes were made to time records in the TeleStaff system?

SCOPE

The scope of the investigation was limited to the time period September 2006 through April 2010 for:

- Changes made by the Fire Logistics Manager to time records in the TeleStaff Scheduling system.
- P-30s submitted by the Fire Logistics Manager.
- Time transactions for the Fire Logistics Manager recorded in Empath and PeopleSoft HR.
- Pay out of vacation balance in March 2010.

METHODOLOGY

The methodologies used during our investigation consisted of:

- Review of time records and transactions
- Interviews with AFD, HRD, and DFAS personnel
- Review of HRD and department personnel files

FINDING

OIA makes recommendations regarding areas noted during the investigation that we believe could improve the City's effectiveness, efficiency and compliance with administrative policies and applicable rules and regulations. This recommendation could prevent future fraud and provide controls that would detect fraud.

1. THE FIRE LOGISTICS MANAGER REQUESTED AND WAS APPROVED TO USE COMP TIME AND MANAGERIAL LEAVE THAT HE WAS NOT ELIGIBLE TO RECEIVE.

On September 9, 2006 a comp time accrual of 150 hours was granted in the TeleStaff system to the Fire Logistics Manager by his supervisor the Deputy Chief. The Fire

Logistics Manager was not eligible to receive comp time since his position was exempt and not part of a bargaining unit. From March 2007 through January 2009 the Fire Logistics Manager requested and was approved to use 157.5 hours of comp time and managerial leave. The Fire Logistics Manager was not eligible to receive or use comp time or managerial leave.

From September 2006 through December 2008 the Fire Logistics Manager used 0 hours of vacation time. The Fire Logistics Manager received a vacation pay out of \$12,310.38. The vacation payout consisted of 335.25 hours of unused vacation time multiplied by the Fire Logistics Manager's hourly pay rate of \$36.72 per hour.

The 157.5 hours of comp time and managerial leave taken at Fire Logistics Manager's hourly rate of \$36.72 totals \$5,783.40.

RECOMMENDATION

The CAO should request the Fire Logistics Manager to pay the City back the \$5,783.40 of comp time and managerial leave that the Fire Logistics Manager was ineligible to use.

RESPONSE FROM CAO

“While we agree with this finding, we have been advised by counsel that following the recommendation will likely be opposed and would ultimately cost the taxpayers more than the amount in controversy. Therefore, we will not attempt to obtain illusory savings.

“Plan for implementing solution: Ensure that AFD administrators, payroll staff, and fiscal manager clearly understand the benefits, permissible leave categories and limitations of each employee classification within the department. The Fiscal Manager shall provide training to AFD administrators and payroll staff regarding the City of Albuquerque’s Rules and Regulations regarding the benefits, permissible leave categories, and limitations of each employee classification as it relates to this issue.

“Timetable: Within 60 days”

2. THE FIRE LOGISTICS MANAGER CHANGED AND/OR DELETED HIS OWN TIME RECORDS IN TELESTAFF.

The Fire Logistics Manager should not have had the ability to change and/or delete his own time records in the TeleStaff system. AFD does not have a documented

policy and procedure prohibiting employees from editing and updating their own time records.

Control Objectives for Information and Related Technology (COBIT) is an authoritative set of generally accepted information technology control objectives for use by business managers and auditors. COBIT control practices recommend a timely and regular review of user IDs and access rights.

RECOMMENDATION

AFD management should:

- Regularly review user IDs and access rights to the TeleStaff system.
- Develop written policies and procedures regarding the editing and updating of time records.

RESPONSE FROM AFD

“Agreement: On both recommendations

“Plan for implementing solution: The Deputy Fire Chief who oversees Human Resources, the administration of the Telestaff staffing software program, and the Field Operations Center (Department Staffing) shall:

- *Define the user access privilege levels*
- *Evaluate level of access needed for each employee position*
- *Revise access level based on business necessity and assigned position.*
- *Review current access levels of all assigned fire department employees (uniformed and non-uniformed) on an annual basis and assign access level based on assigned position.*
- *Develop a policy regarding access level of the Telestaff staffing software program to include: responsibilities and limitations of each access level, employee time recording responsibilities, and supervisory approval responsibilities.*
- *Communicate the content of the new policy along with organizational expectations to all department members.*

“Additionally, AFD’s Fiscal Manager shall develop a policy regarding roles and responsibilities of each employee and each level of supervision as it relates to editing and updating of time records; to include the supervisory approval process of payroll

records, payroll corrections, and proper coding of employee time categories.

“Timetable: 60 days

“Fire Chief Recommendation: In the future, the administration should avoid rehiring former department directors in the same organization from which they originally were assigned for senior management positions (exempt or executive series) of authority that have an extensive level of influence in department operations, promotions, and assignments. As a former Fire Chief, the Fire Logistics Manager had previously supervised and promoted many of people that would become his supervisor.”

CONCLUSION

From the test work noted above OIA has determined the following:

- The Fire Logistics Manager received 150 hours of comp time. The Fire Logistics Manager was in an exempt non-bargaining position, and not eligible to receive this benefit.
- The Fire Logistics Manager received 10 hours of managerial leave. AFD did not have a managerial leave plan authorized by the CAO.
- AFD employees have the ability to edit and update their own time records in TeleStaff.

AFD should ensure only eligible employees are granted and approved to use comp time and managerial leave. The City should request reimbursement from the Fire Logistics Manager for the comp time and managerial leave used totaling \$5,783.40. TeleStaff user access rights should be reviewed and controls should be established.

Senior Information Systems Auditor

REVIEWED AND APPROVED

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