City of Seattle
Office of City Auditor

SEATTLE POLICE DEPARTMENT (SPD) OVERTIME CONTROLS AUDIT

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HOW THE AUDIT CAME ABOUT

- Chief O'Toole requested an audit of the department's overtime from January 2013 onward.

- The Chief had concerns about whether there was adequate leadership, management oversight, and supervisory control to manage SPD's overtime spending.

AUDIT OBJECTIVES

- Review **department-wide** processes for managing overtime:
  - Are sufficient controls in place?
  - Is there compliance with controls?
  - Does management monitor overtime and follow up on issues?

- We did not review:
  - Section-specific practices or employee-specific overtime.
  - Overtime paid in comparison to overtime worked.
  - Patterns indicating potentially unnecessary or abusive overtime (with a few exceptions).

  We recommend SPD conduct these reviews.

HOW WE CONDUCTED THE AUDIT

1. Reviewed policies and procedures and other documents.

2. Interviewed sworn section leaders and civilian leaders.

3. Analyzed 2½ years of payroll data (January 2013-June 2015).

4. Benchmarked with 11 municipal police departments.

5. Tested payroll transactions and supporting documents for four pay periods in 2013 and 2014.

6. Observed SPD's two-day payroll processing cycle.

AUDIT RESULTS

Findings and recommendations in six areas:

1. Policies and Procedures

2. Budgeting

3. Operational Controls

4. Management Controls

5. Special Events

6. Off-Duty Work

SPD agreed with all 30 of our recommendations.

1. OVERTIME POLICIES AND PROCEDURES

**No high-level overtime usage policy:**

- When is overtime justified?
- Who approves overtime and how?
- Maximum thresholds for overtime and total work time.
- Policy for earning compensatory time in lieu of overtime pay.

Inadequate procedures for overtime:

- Management authorization, approvals, and monitoring.
- Recording overtime worked and payroll processing.
- Special events overtime.
- Reimbursable overtime billing and delinquencies.

2. BUDGETING FOR OVERTIME

**SPD 10 Year Overtime Expenditure and
Adopted Overtime Budget History**
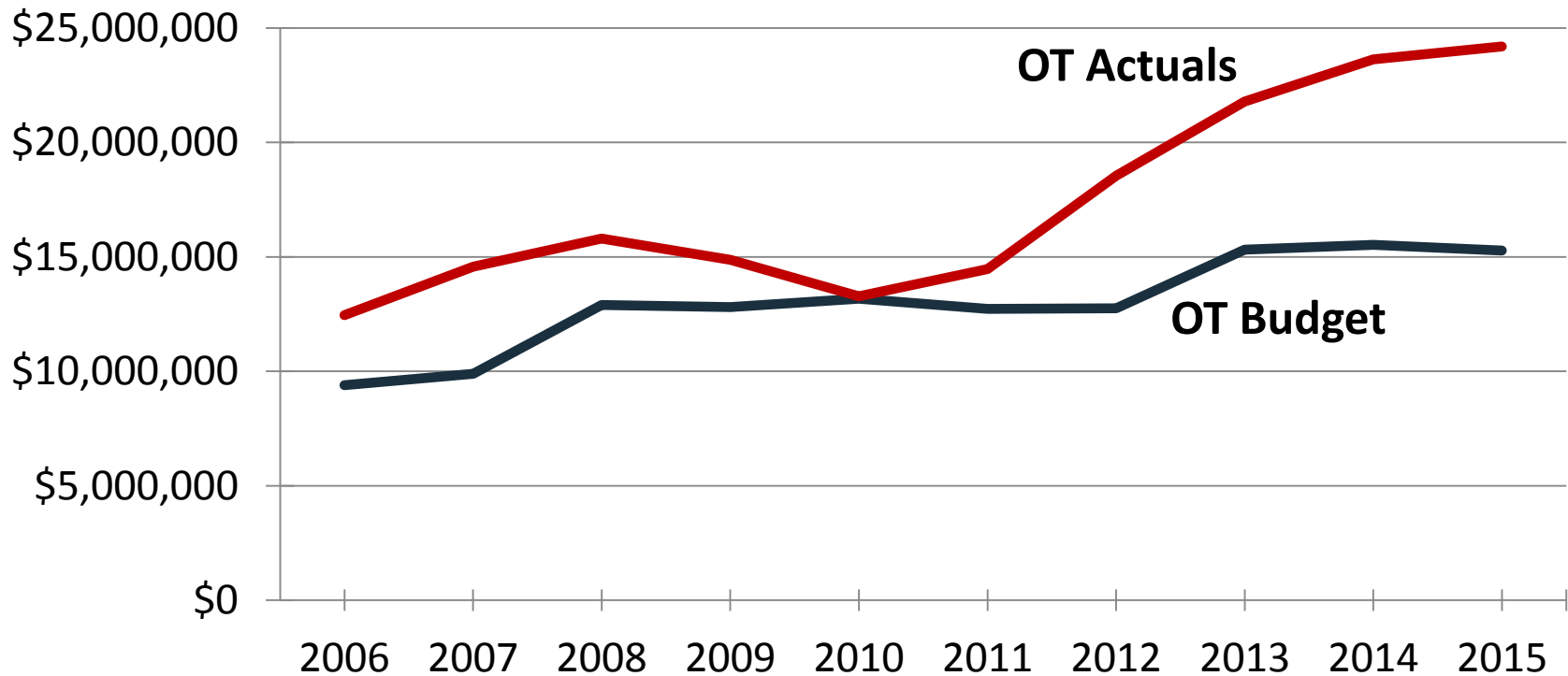
Source: Office of City Auditor summary of data from SPD and the City Budget Office

3. OVERTIME OPERATIONAL CONTROLS

Overtime Processing:

- Two methods for recording overtime.

- Lack of reconciliation of hours worked to hours paid.

- Lack of automated controls to catch errors.
    - duplicate payments
    - pay for over 24 hours in a day (as a result of standby time)
    - comp time over maximum allowed
    - work hours over maximum allowed

- Insufficient tracking of employee assignments.

- Decentralized overtime recordkeeping.

3. OVERTIME OPERATIONAL CONTROLS (CONTINUED)

Compliance with Policies and Internal Controls:

- Lack of management approvals.

- Improper coding of overtime to generic activities (5% or $3.2 million, January 2013-June 2015).

Efficiency and Performance:

- Lack of electronic scheduling and timekeeping system with automated controls.

- Opportunities to civilianize some jobs and reduce overtime expenses (training, OPA, background screening).

4. OVERTIME MANAGEMENT CONTROLS

Department-Wide Tracking and Analysis

Overtime by Activity, January 2013-June 2015 (Top 12 Rows Only)

Activity	OT Hours	% of Total	OT Dollars	% of Total
Special Events-Non Reimbursable	228,224	23%	$15,717,145	23%
Special Events-Reimbursable	147,979	15%	$10,200,775	15%
Training	95,675	10%	$6,648,495	10%
Investigations/Arrest	86,123	9%	$6,123,523	9%
Communications Center	68,008	7%	$3,108,929	5%
Emphasis Patrols	55,856	6%	$3,834,860	6%
Un-coded	47,092	5%	$3,217,927	5%
U.S. Dept of Justice Related Work	40,294	4%	$3,067,115	5%
Civilian Vacancy/Vacation Cover	34,933	4%	$1,480,785	2%
Other	30,986	3%	$3,393,772	5%
Federal Task Forces-Reimbursable	29,457	3%	$2,133,312	3%
Patrol Augmentation	25,535	3%	$1,800,465	3%

Source: Office of City Auditor analysis of SPD payroll data.

4. OVERTIME MANAGEMENT CONTROLS (CONTINUED)

Section-Level Monitoring of Overtime

- Lack of clear expectations.

- Need for improved reporting.

- Reviews need to be documented.

Independent Monitoring of Overtime

- Identify trends, patterns, or "red flags" that could indicate unnecessary or abusive overtime.

5. SPECIAL EVENTS

Highest use of SPD overtime:

- 38% total or $26 million, January 2013-June 2015
  - 23% non-reimbursable overtime ($15.7 million)
  - 15% reimbursable overtime ($10.2 million)

5. SPECIAL EVENTS (CONTINUED)

Policies:

- Policy on charging was not clear before recent ordinance.
- City's low event fees led to increase in events, demand for police services, and overtime.

Planning and Overtime Controls:

- Insufficient planning and review of event staffing.
- Need for improved documentation of staffing at events.
- Inconsistent reconciliation and review of actual hours worked to hours planned.

5. SPECIAL EVENTS (CONTINUED)

Reimbursable Overtime for Special Events:

- Inadequate documented procedures for billing, processing payments, and handling delinquent accounts.
- Billing issues
  - Improper coding of overtime and delayed processing risk improper billing and lost revenues.
  - Billing customers after events risks delinquencies.
- Delinquent account issues
  - Lack of follow up.
  - Bad debt write offs were not occurring timely.

6. OFF-DUTY WORK

- SPD has no visibility of employees' off-duty work hours.

- Other jurisdictions' police departments have greater control over off-duty work.

ANNUAL AUDIT FOLLOW-UP

We will follow up with SPD annually about our 30 recommendations and report on their implementation status to the City Council.

Questions?