



**Special Project - TPD
Payroll Record Keeping
As of September 30, 2009**

**City of Tulsa Internal Auditing
September 2010**



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A handwritten signature in black ink, appearing to read "Ron Maxwell", written over a horizontal line.

Ron Maxwell, CIA, CFE
Chief Internal Auditor

A handwritten signature in black ink, appearing to read "Preston L. Doerflinger", written over a horizontal line.


Preston L. Doerflinger
City Auditor

AUDIT TEAM:

Steve Jackson, CPA, Internal Audit Manager
Ike McNutt, CPA, CIA, CGAP, Senior Auditor



**MEMORANDUM
OFFICE OF THE CITY AUDITOR**

DATE: September 28, 2010
TO: Distribution List
FROM: Preston L. Doerflinger, City Auditor 
SUBJECT: Special Project – Tulsa Police Department Payroll Record Keeping

Enclosed is a report on a special project requested by the former chief of police. We would like to express our appreciation to the members of the Tulsa Police Department for their cooperation, assistance, and efforts to improve controls which are the subject of this report.

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INTEROFFICE CORRESPONDENCE

FROM: Ron Maxwell *Ron Maxwell*
Chief Internal Auditor

DATE: September 28, 2010

Steve Jackson *Steve Jackson*
Internal Audit Manager

TO: Distribution List

SUBJECT: Special Project
Report- TPD
Payroll Record Keeping

Following is a report on a special project requested by the Tulsa Police Department (TPD).

DESCRIPTION OF PROJECT

The Tulsa Police Department contacted Internal Auditing for a review and evaluation of their internal controls related to payroll record keeping, including review of the procedures for providing accurate leave and overtime expenditures and for reconciling payroll records. As requested by the former police chief, the review was limited to the Special Operations Division (SOD). Internal Auditing made observations and recommendations, but internal controls are the responsibility of TPD's management.

SCOPE

The scope of our review was limited to the period January 1, 2007 through September 30, 2009. Our review did not include verification of the accuracy of employee leave and overtime balances, because this would entail examination of monthly leave accruals and leave taken for each employee from the dates of hire to January 1, 2007, the beginning of our review period.

PROCEDURES PERFORMED BY INTERNAL AUDITING

1. Reviewed results of preliminary audit of SOD payroll records conducted by TPD for the period January 1, 2007 through September 30, 2009.
2. Reviewed the payroll record keeping performed by SOD for the period January 1, 2007 through September 30, 2009.
3. Tested clerical accuracy of payroll expenditures made to TPD employees in SOD for the period January 1, 2007 through September 30, 2009.
4. Tested clerical accuracy of employee leave activity for the period January 1, 2007 through September 30, 2009.
5. Compared and reconciled TPD payroll records to those of the Finance Department.

6. Prepared a written report to TPD of Internal Auditing's observations and recommendations for improvement of payroll record keeping.

METHODOLOGY

For the period of January 1, 2007 through September 30, 2009, Internal Auditing compared original time records of sampled employees in the Special Operations Division to master time records prepared and maintained by TPD's timekeepers. We checked accuracy and completeness of all time documents examined, and compared actual pay to amounts we calculated from time and pay records. We also evaluated compliance with collective bargaining agreements and with TPD's policies and procedures.

CONCLUSION

Based upon the results of this review, Internal Auditing's opinion is that internal controls for payroll record keeping in the Tulsa Police Department are inadequate. Time records in the Special Operations Division are inaccurate and incomplete, resulting in payment errors. Timekeeping has not fully complied with collective bargaining agreements or TPD's policies.

FINDINGS AND RECOMMENDATIONS

FINDING 1

Condition: Evidence of time worked by TPD employees is unreliable.

Summary: As evidence of working assigned hours, TPD employees initial a calendar for their work unit each day they work a regularly scheduled shift. Starting and ending times and number of hours worked are not documented or tracked, and are assumed to comply with assigned working hours. Employees generally do not initial for work performed on special assignment, days off, or holidays.

Employees are expected to submit a leave report for each day they work fewer than their assigned shift hours and an overtime request for each week they work more than forty hours. Besides the employee's signature on each leave report and overtime request, two supervisory signatures are required. Timekeepers assigned to divisions review the time documentation, manually post time to annual master time records, and enter data into electronic spreadsheets used to calculate payroll.

Review of sampled employees in the Special Operations Division produced many instances of incomplete or contradictory time data. Sign-up sheets could not be located for some time periods and often did not clearly indicate an employee's work status for the day. Employees often failed to initial dates they supposedly worked, and for which they did not submit leave reports. Conversely, some days were found to have both initials indicating the day worked, and a leave report indicating the day off. Initials and handwriting on some dates of the sign-up sheets are inconsistent with entries for the same employee on other dates, calling into question the authenticity of some sign-ups. Because some employees reportedly initial sign-ups for fellow employees, having conflicting documentation for both a day worked and a day off provides convincing evidence for neither.

Documentary evidence of time worked is circumstantial; absent evidence to the contrary, employees are assumed to have worked their assigned shifts. Controls in place have been ineffective in detecting and correcting timekeeping errors. Leave balances and payments to TPD employees could be incorrect.

Recommendations: 1) TPD should document the hours approved for each employee's regular shift, and employees should document their actual hours worked.
2) Employees and supervisors should be held accountable for correct documentation of time.

Response:

- The SOD is comprised of several units including Air Support, K9, and the Explosive Canine Detection Team (EDCT), all of which office at different remote locations. These units are supervised by a sergeant and/or a corporal, who is responsible for officers properly accounting for time worked or not worked. Officers do not sign or initial an attendance sign up sheet for work performed on special assignment, days off, or holidays, but are required to complete and submit an Overtime Request form that reflects time worked. This Overtime Request form is reviewed and signed by a supervisor.
- The SOD has implemented the following three- step validation process to ensure sign up sheets and absences are properly documented:

1. The supervisor will review sign up sheets daily to ensure each officer or employee has signed in for being at work. The only exception will be if a supervisor confirms an officer or employee is at work, but, due to unusual circumstances, did or could not report to his/her duty station, the supervisor may initial for the officer or employee and place their initials in the same block to signify verification of attendance. The supervisor will then place a notation on the sign up sheet explaining the discrepancy. If an officer or an employee is absent, the supervisor will be responsible to make a notation on the sign up sheet to indicate the reason for the absence (AV=vacation; E=compensatory time off; S/A=special assignment; SICK; or other notation as necessary).

At the end of the work week, before forwarding the sign up sheet to the SOD Administrative Captain, the supervisor will, as much as possible, ensure the proper "Leave Report" (time slips) have been completed and submitted. If an officer is not available to submit leave report, the supervisor will ensure it is submitted as soon as possible to the timekeeper. (Due to officers working shifts with days off opposing the days off of the supervisor, there may be some time in which the leave report is delayed being submitted).

2. The SOD Administrative Captain or designee will review all sign up sheets and verify the day is initialed as worked. If the officer or employee is noted as absent, the Administrative Captain or designee will ensure the proper notation is written on the sign up sheet and the appropriate leave report has been submitted. Again, due to officers working shifts with days off opposing the supervisor's days off, there may be some time in which the leave report is delayed. The Administrative Captain will then forward sign up sheets, leave reports, and overtime requests to the timekeeper (currently located at the Special Investigations Division).

3. Upon receiving SOD sign up sheets, the SOD/SID timekeeper will report any deficiencies to the SOD Administrative Captain and to the SOD Division

Commander. The SOD staff will take responsibility to ensure proper documentation is submitted by the employee.

Due to budget reductions, the SOD timekeeper position was abolished. Responsibility for timekeeping is handled by the timekeeper at the Special Investigations Division (SID). Sign up sheets, leave reports, and other payroll documentation is gathered periodically, packaged in an envelope and submitted to the SID timekeeper through interoffice mail. Officers, employees, or supervisors do not have easy access to visit with the SID timekeeper who is located in another part of the City.

Additionally, CADS, Access Cards, MDTs, personal computers and other technology can be used to verify an employee's attendance at work.

In order to ensure greater efficiency and accountability, we strongly recommend the timekeeper position for SOD be re-established in the FY 2011-2012 budget.

FINDING 2

Condition: Calculation of overtime has not complied with TPD's collective bargaining agreement.

Summary: The collective bargaining agreement establishes TPD's work period of seven days and defines overtime as all time worked in excess of forty hours during any work period. It further provides, "Each officer shall be allowed a minimum of thirty (30) minutes for lunch each day, which shall not be considered as time worked." The collective bargaining agreement also specifies various categories of time, including pre-shift squad meetings attended, which are considered time worked.

Because nearly all TPD employees have adequate leave balances to compensate for hours not worked in a shift, most consider time worked on a daily, not weekly, basis. If they work outside their regular shift and pre-shift meeting, the accepted practice is to submit an overtime request for the day. Pre-shift squad meetings, lasting 15 minutes, are required for some employees, but not throughout the department. Time taken for lunch, not to be considered time worked, is not tracked. TPD has no system for tracking actual time worked, other than sign-up sheets indicating employees have worked assigned 8- or 10-hour shifts.

The probable justification for TPD's unofficial overtime policy is that deducting the minimum 30-minute lunch and adding 15 minutes of pre-shift meeting nets to an immaterial difference from a regular shift, so time worked outside a regularly scheduled shift is considered overtime. This reasoning, incongruent with TPD's collective bargaining agreement, does not take into account employees who do not work pre-shift meetings or who take lunches longer than 30 minutes.

TPD does not document and track actual hours worked. The City has overpaid TPD employees when overtime was paid before employees worked in excess of forty hours during a work period.

Recommendations: 1) TPD employees should document their actual hours worked.
2) TPD's calculation of overtime should comply with its collective bargaining agreement.

Response:

- All time is considered time worked, so officers are entitled to submit overtime requests daily.
- Overtime pay for attending squad meetings is not required. This has not been an issue of concern, but could be a matter for negotiation in the Collective Bargaining Agreement (CBA).

- The squad meeting requirement cannot be applied department-wide. Squad meeting time is needed for patrol divisions, but may not be necessary for other units.
- Since patrol officers are obligated by policy to check out on the radio with the dispatcher when eating, time taken for lunch can be audited or checked by a supervisor (10-46 commence time and 10-8 back in service time). Additional tracking is not practical since many officers do not have a fixed workplace (office space) or a lunch room.
- Agreed--Timekeepers should track overtime requests to ensure officers are only paid OT for time worked in excess of a 40 hour work week.

FINDING 3

Condition: Employees received overtime pay for work performed during their regularly scheduled shifts.

Summary: A review of time records for sampled employees in the Special Operations Division revealed several examples of TPD's allowing overtime for work during employees' regular shifts. Usually, employees submitted those overtime requests for hours included in leave reports as either vacation or compensatory time off. Occasionally, no leave report appears to have been submitted for the requested overtime, at least once when the employee considered the shift worked an adjusted day off. Employees have sometimes been allowed to claim changed shift hours in order to receive overtime pay for working special events during their regular shift hours, even though TPD's collective bargaining agreement says the Chief of Police decides work period hours, which may not be changed during the shift year.

The City is effectively paying employees twice for hours worked during their regularly scheduled shifts, once at their basic hourly rate of pay and again at an overtime rate. The effect can be compounded when compensatory time or contractual minimums, such as overtime for court, are involved.

A sampled employee in the Special Operations Division received overtime pay for two hours worked during his regular shift, and for which he used compensatory time. Two hours of compensatory time or cash payment can be earned by working 1-1/3 hours of overtime ($1\text{-}1/3 \text{ hrs} \times 1\text{-}1/2 = 2 \text{ hrs}$). By electing compensatory time used later for hours worked in his regular shift, he was effectively paid three hours overtime for working 80 minutes ($1\text{-}1/3 \text{ hrs} \times 1\text{-}1/2 \times 1\text{-}1/2 = 3 \text{ hrs}$), in addition to straight-time compensation for his regular shift.

On another occasion, the same employee submitted a leave report to use vacation for six hours of his regular shift, during which time he reported to court for one hour, 21 minutes. He received overtime pay for the three-hour minimum for court work, even though the time was not outside his regularly scheduled shift. For the one hour, 21 minutes worked, the employee was effectively paid four and a half hours ($3 \text{ hrs} \times 1\text{-}1/2 = 4\text{-}1/2 \text{ hrs}$).

Recommendation: TPD should not consider time worked during employees' regularly scheduled shifts as overtime or leave.

Response:

- Concerning the first example. On occasion, APAC (stone quarry and highway construction) has requested police officers on short notice to provide traffic control and perimeter protection for an explosive blast. Police officers have been allowed to flex their work hours or use "Comp Time" to work this assignment as a "Special Event". Special Event sponsors reimburse the City at a minimum rate of

\$50 per hour worked, and the SOD bills the sponsor who remits the invoice to the City. We agree with the suggestion that APAC or other Special Event sponsors provide TPD with advance notice sufficient to either hire off-duty officers, or to schedule officer's time of work to begin after the conclusion of the Special Event.

- Concerning the second example, we suspect the officer had previously requested and was approved a vacation day. Officers are routinely called to court on either regular days off, vacation, or other time off. Officers are now required to cancel vacation or compensatory time if called into court or called back to duty and do not receive overtime pay or compensatory time.
- As to the recommendation that TPD should not consider time worked during employees' regularly scheduled shifts as overtime or leave, City Payroll is in the process of addressing this issue. Once TPD has clarification from Payroll, we need to address through policy after consideration of limitations of the Collective Bargaining Agreement. The Police Department is not represented in the City Negotiations Team, and can only make recommendations for items to be considered for contract negotiation.

FINDING 4

Condition: TPD does not have written policies and procedures for adjusted days off.

Summary: According to its collective bargaining agreement with the Fraternal Order of Police, the City retains the rights to assign work and working hours to TPD employees and to determine the number and duration of hours of their assigned duty per work period. The collective bargaining agreement establishes TPD's work period as the seven days ending at midnight each Saturday. Days an employee is not scheduled to work in a normal work period are called regular days off, and when changed within a work period, they are called adjusted days off.

Time records for an employee in the Special Operations Division show that when his normal work schedule was four 10-hour days, Monday through Thursday, he worked four 10-hour days, Tuesday through Friday, and was paid overtime for 10 hours. The Monday not worked was submitted as a vacation day, not an adjusted day off. Because the collective bargaining agreement stipulates that vacation days are considered time worked, the employee was eligible for overtime pay he would not have otherwise received for actually working four 10-hour days.

The employee also submitted an overtime request, approved by two supervisors, for working a 10-hour shift on Thursday, a day in his normal work schedule. The overtime request notes the day as an adjusted day off and documents the employee's work on a speed grant. TPD has an unwritten policy considering work on grants to be overtime, even though the employee's work was performed during a regularly scheduled shift.

TPD's unwritten policies for adjusted days off are unclear and sometimes illogical, as when considering a workday a day off. TPD has consequently paid overtime rates for work performed during employees' regularly scheduled shifts.

Recommendation: TPD should develop written policies and procedures for adjusted days off. Policies should clearly define adjusted days off and address the criteria determining whether a day not worked should be considered vacation or an adjusted day off.

Response:

- SOD staff reviewed this and determined the following: This officer was scheduled a four ten-hour day work week, Monday through Thursday. He took a vacation day on Monday. Tuesday he worked special assignment (S/A) as a LEDT driving instructor. He worked his regularly scheduled day on Wednesday. Thursday he took as an adjusted day off (ADO) and worked a speed enforcement grant. On Friday, which would have been his regular day off (RDO), he again worked special assignment as an LEDT driving instructor. His actions do not appear to be contrived to manipulate overtime compensation.

- Concerning Adjusted Days Off (ADO), several special units within the TPD (SOT, Dive Team, Bomb Squad, DaRT) are comprised of officers not assigned to the SOD. They are assigned to different divisions, different shifts, and different days off. Each specialty unit is scheduled one to two training days either monthly or quarterly. For example, the Special Operations Team (SOT) is obligated to train two days each month in order to maintain NTOA certification. Adjusted Days Off are used in order to avoid payment of overtime for these training days. ADO's have been considered a "Management Right" under the CBA. TPD will review the current procedure, but changes concerning whether a day not worked should be considered vacation or an adjusted day off for purposes of pay or compensation may be an issue that will need to be addressed through the City's Collective Bargaining Agreement negotiation process with the Fraternal Order of Police.

FINDING 5

Condition: Payments for work periods including holidays on employees' regular days off have not complied with TPD's collective bargaining agreement.

Summary: The collective bargaining agreement establishes TPD's work period of seven days and defines overtime as all time worked in excess of forty hours during any work period. It specifies various categories of time, including holidays, which are considered time worked. Employees may elect payment for overtime work or holiday compensation in compensatory time off or cash. Compensatory time accrues at the rate of one and one-half hours of compensatory time for each overtime hour worked, and cash payment at one and one-half times the employee's adjusted rate of pay.

The collective bargaining agreement states that compensation for holidays that fall on an employee's regular day off shall be shift-based, eight or ten hours, and shall be compensated at straight-time rates. Because each holiday falling on a regular day off should result in an extra shift for that work period, recording holiday hours at straight time results in the equivalent number of hours eligible for overtime compensation, according to the collective bargaining agreement, which considers holidays as time worked. TPD considers holidays as time worked if they fall on scheduled workdays, but not if on regular days off. TPD's policy has been to compensate employees for holidays on their regular days off at straight-time rates adjusted for education and longevity, not at overtime rates.

For example, if an employee regularly works ten-hour shifts Monday through Thursday and a holiday falls on Friday, TPD compensates the employee for 40 hours at the basic hourly rate and 10 hours at the basic rate adjusted for education and longevity. If the holiday were considered time worked, the employee should be compensated for 50 hours, with 40 hours at the basic rate and 10 hours at the overtime rate, one and one-half times the adjusted rate.

TPD pays for holidays falling on regular days off at employees' adjusted rates of pay, not at overtime rates. The section of the collective bargaining agreement that considers holidays as time worked does not distinguish between holidays on scheduled workdays and on regular days off.

Recommendation: TPD's compensation of employees for holidays falling on their regular days off should comply with its collective bargaining agreement. If unclear or an inaccurate representation of what was intended, language in the collective bargaining agreement should be changed.

Response:

- According to Police Payroll, education and longevity is no longer factored in calculation of Holiday Overtime. This problem has been corrected. (see Finding #6)
- Straight time for a holiday that occurs on a regular day off is considered as a sum of money bargained for, not a day of work bargained for, and is in compliance with the Collective Bargaining Agreement section 14.5.

FINDING 6

Condition: Payments for holidays have not complied with TPD's collective bargaining agreement.

Summary: The collective bargaining agreement directs TPD employees to elect payment for overtime work or holiday compensation in compensatory time off or cash. Cash payment for overtime work is to be paid at one and one-half times the employee's adjusted rate of pay, which is the employee's hourly rate plus any other items required by law. Cash payment for holidays worked is prescribed at one and one-half times the employee's basic hourly rate of pay.

TPD uses employees' adjusted rates of pay to calculate cash payments for both overtime and holidays worked. The adjusted rate adds education and longevity payments to the employee's basic hourly rate.

Contrary to its collective bargaining agreement, TPD has elected to use adjusted rates of pay for both overtime and holidays worked. TPD has thereby overpaid employees for holidays.

Recommendation: TPD should calculate payments for holidays in accordance with the collective bargaining agreement.

Response:

- According to Police Payroll, education and longevity is no longer factored in calculation of Holiday Overtime. This problem has been corrected. (see Finding #5)

FINDING 7

Condition: TPD employees have elected compensatory time for voluntarily working special events.

Summary: TPD's collective bargaining agreement directs employees to elect payment for overtime work in compensatory time off work or cash. However, it states that an employee cannot elect compensatory time when working a special event on a voluntary basis.

TPD allowed some employees to elect compensatory time for voluntarily working special events at the BOK Center. When questioned by TPD timekeeping personnel, TPD management reportedly stated that compensatory time had to be offered as a payment choice to get BOK events fully staffed, and contended that BOK events are not special events.

TPD management apparently defined special events arbitrarily. Allowing employees to accrue compensatory time prohibited by the collective bargaining agreement could result in unnecessary staffing problems and costs when those employees elect time off work.

Recommendation: Payments to TPD employees for voluntarily working special events should comply with the collective bargaining agreement, which should clearly define special events.

Response:

- BOK events are not considered as being the same as "Special Events", in which police officers' time worked is billed back to a sponsor. BOK events are not billed for police officer hours as are Special Events sponsors. During the initial opening of the BOK, TPD was experiencing a shortage of police officers who could be assigned as on-duty, and offered compensatory time as an incentive to officers who would agree to work the BOK event. Recently, the TPD was provided a line item appropriation in the budget to help pay the costs of officer overtime incurred for BOK events. Now the practice of allowing compensatory time rather than overtime for BOK events is no longer allowed.
- TPD has recommended that a surcharge be assessed to BOK event ticket costs that would be dedicated to cover the costs of providing traffic control and police services for BOK events. The surcharge would be placed in the Police Department Budget.

FINDING 8

Condition: TPD's timekeeping system is outdated and inefficient.

Summary: TPD's timekeeping system is predominantly manual. Timekeepers assigned to divisions throughout the department review manual sign-up sheets, leave reports, and overtime requests, and post data to annual master time records maintained for every employee. They also enter time data into electronic spreadsheets they send to the Finance Department for payroll. Although the Finance Department considers their time data the official records of the City, TPD timekeepers are responsible for maintaining accurate records and making any corrections necessary.

The accuracy of TPD's time data is directly related to the effort each employee in the process makes to document time correctly, beginning with employees responsible for reporting their own days worked, absences, and overtime. Some timekeeping personnel are exemplary, even though often in the position of questioning employees who outrank them and may not be fully cooperative. Review of sampled time data in the Special Operations Division revealed many instances of clerical errors and noncompliance with established timekeeping policies. Although the timekeeper corrected some errors on time documents, uncorrected errors and irregular postings by the timekeeper raise doubt that division time records and leave balances are accurate.

A review of time documentation in the Special Operations Division revealed many occasions of multiple sign-up sheets for one week in a work unit, often in progressive states of completion. Tick marks indicated the division's timekeeper often re-examined the same data she had posted from replicated sign-ups. For sampled employees, postings on annual master time records were incomplete or incorrect for many pay periods, even though recalculation often showed correct amounts had been paid. In those cases, electronic spreadsheets the timekeeper prepared for payroll must have been correct, which calls into question the need for having both manual and electronic records. Updating and correcting manual records is extremely burdensome for timekeepers already busy with routine tasks.

TPD has not taken full advantage of technological advances to modernize its timekeeping, reportedly because many employees are resistant to change. Manual timekeeping is time-consuming and prone to errors.

Recommendation: TPD should document and track time data electronically where possible, and minimize manual processes.

Response:

- TPD is in agreement. In 2006, TPD attempted to join with the Tulsa Fire Department to contract with a vendor, Telestaff, to implement a timekeeping system. Due to the complexity of Police Department pay and compensation policies and procedure, Telestaff could not meet the requirements of the contract as promised. TPD canceled participation with the vendor. Again during Mayor Taylor's administration, Tulsa Police Payroll participated in a High Performance Government (HPG) study and made numerous recommendations for the City of Tulsa to adopt an electronic timekeeping system. Due to a lack of funding in the budget, none of these recommendations were implemented. Additionally, the City has stated an intention to purchase an enterprise solution that would make any implementation of an electronic timekeeping system by TPD to be obsolete and a waste of money. We recommend that either the City commit to implementation of City-wide enterprise solution, or allow TPD to implement an electronic timekeeping system independently.

FINDING 9

Condition: Employees may have used some leave they did not report.

Summary: TPD employees initial a weekly calendar in their work unit each day they work a regularly scheduled shift, but generally not when they work on special assignment, days off, or holidays. Time and hours worked are not documented, and TPD assumes employees have worked a full shift unless they submit a leave report indicating otherwise.

A review of sampled employees in the Special Operations Division yielded many days for which available time records do not clearly indicate work status. On some days, employees did not initial the sign-up to indicate a day worked, but no leave report indicates the day off. If the employee worked, having no leave report is appropriate. However, an employee may have taken off without submitting a leave report, or a leave report may have been lost.

Some leave reports sampled were submitted for fewer hours than an employee's regularly scheduled shift with no indication the employee worked the remainder of the shift. With no evidence of hours worked, employees could have used more leave than reported. Balances of accrued leave for some TPD employees could be incorrect.

Recommendations: 1) TPD should document the hours approved for each employee's regular shift, and employees should document their actual hours worked. 2) Employees and supervisors should be held accountable for correct documentation of time.

Response:

- We agree. This has been addressed as a supervisory/administrative issue that is being addressed by the SOD. (See Finding #1).

FINDING 10

Condition: Official time records are incomplete and inaccurate.

Summary: Instead of documenting and tracking actual hours worked, TPD assumes employees work their regularly assigned shifts and submit documentation for their leave and overtime. Timekeepers manually post from those original time records to a yearly spreadsheet considered the official record for each employee. These annual master time records include current balances of accrued leave for sick, vacation, and compensatory time. Timekeepers also prepare electronic spreadsheets they provide the Finance Department for payroll.

Review of time data for sampled employees in the Special Operations Division revealed many errors on employees' time submissions and annual master time records. The division's former timekeeper corrected some clerical errors on time submissions, but posted others she failed to detect. She neglected to post many records to annual master time records, but noted on some that she had posted them. She made numerous posting errors and sometimes changed balances of accrued leave incorrectly. Recalculations for sampled employees in the Special Operations Division often showed correct amounts paid, indicating the timekeeper prepared electronic spreadsheets correctly for payroll despite the errors on annual master time records.

TPD has conscientious, knowledgeable timekeeping personnel who helped update and correct time records for the Special Operations Division several years ago when the former timekeeper's work was believed deficient due to family hardship. Updating and correcting the division's records again is a burden for current timekeepers kept busy with their own duties and responsibilities. Verifying accrued leave balances would require a review of employees' time records back to their dates of hire, a practical impossibility.

The former timekeeper for the Special Operations Division did not perform her duties according to established policies and procedures. Controls in place have been ineffective in detecting and correcting timekeeping errors. Leave balances and payments to TPD employees could be incorrect.

Recommendations: 1) TPD should complete the official time records for the Special Operations Division and transition from manual to electronic records where possible.
2) Besides timekeepers, employees and supervisors should be held responsible for correct documentation of time.

Response:

- We agree that electronic timekeeping is the optimum solution to the problems uncovered by this audit. TPD supports implementation of electronic timekeeping whether as a City enterprise initiative or a TPD departmental initiative. In either option, funding must be provided to pay for the change to electronic timekeeping.
- We agree that timekeepers, employees, and supervisors should be held responsible for direct documentation of time. The SOD has implemented a three step process to ensure the proper reconciliation of sign up sheets, time and attendance, overtime requests, and other payroll related documentation.

FINDING 11

Condition: Calculation of overtime hours is more generous for TPD than for other City employees.

Summary: Each year, the Fraternal Order of Police, as exclusive agent of TPD, enters a collective bargaining agreement with the City of Tulsa. The collective bargaining agreement defines overtime as all time worked in excess of forty hours during any work period. It also specifies various types of leave, including holidays, vacation, and sick leave, that are considered time worked for determination of overtime hours. Cash payment for overtime work is calculated at one and one-half times an employee's adjusted rate of pay, which is the employee's hourly rate plus any other items required by law.

The City negotiates discrete labor contracts with several unions and also employs nonunion workers. Provisions for overtime compensation are contained in collective bargaining agreements for union employees and in the City's policies and procedures for nonunion employees. Unlike sworn TPD, nonunion employees cannot count any type of leave, whether paid or unpaid, as time worked for determination of overtime hours. Granting TPD more liberal overtime compensation than other City employees creates inequities and increases the City's costs.

Recommendation: TPD should consider whether changing their overtime compensation to be consistent with that for other City employees is in the best long-term interest of TPD and the City.

Response:

- Oklahoma State Law dictates collective bargaining and any changes involving overtime compensation must be negotiated between the City of Tulsa and the Collective Bargaining Agent, the FOP. TPD is in compliance with the Collective Bargaining Agreement.

FINDING 12

Condition: TPD's use of authorized absences has not been cost-effective.

Summary: In order to maintain desired staffing levels, TPD hires back its own off-duty officers to work the shifts of fellow officers using leave. Hiring back officers has been a major component of TPD's overtime costs. According to its collective bargaining agreement with the Fraternal Order of Police, the City retains the rights to determine TPD policies; assign working hours, including overtime; schedule operations and determine hours per work period; and control TPD's budget.

TPD has operated under an unofficial, undocumented policy that allowed officers to use compensatory time off work as long as they gave at least 24 hours' notice. In January 2010, the Fraternal Order of Police, as TPD's agent, entered a memorandum of understanding effective through June 2010 to amend the policies for using compensatory time and hiring back overtime officers. According to the memorandum of understanding, TPD may deny compensatory time unless officers give at least 72 hours' notice. However, if established minimum manning levels at uniform divisions permit, TPD shall allow the use of compensatory time with less notice. TPD may also deny compensatory leave if a uniform division has already had to hire back four officers for a shift.

As is probably the case throughout the City, TPD has little evidence that leave and overtime are approved in advance. Review of data for a sample of employees in the Special Operations Division showed that employees and supervisors sign nearly all time documents after the reported time. On several occasions, overtime costs apparently could have been reduced if approved absences had been scheduled differently. Without documentary evidence of planning, TPD cannot demonstrate the necessity of costs incurred. Subsequent to the audit period reviewed, TPD experienced staff reductions due to budget shortfalls at the City. By changing its policies on staffing levels and use of compensatory time, TPD has been able to reduce overtime costs while continuing to effectively serve citizens.

TPD's unwritten policy has been to allow the use of compensatory time if an employee gives at least 24 hours' notice, and to hire back as many officers as necessary to reach desired staffing levels. TPD's overtime costs are impacted by its policies for using authorized leave and for making staffing decisions.

Recommendation: TPD should develop and comply with a comprehensive policy for staffing decisions, including cost-effective use of employees' absences.

Response:

- TPD must comply with Federal law that requires police agencies grant time off that has been accrued as compensatory time.
- Due to a recent agreement with the CBA (January to June 30, 2010) the “24 hour rule” advance notification was revoked. The TPD now requires “72 hour” notice of an officer requesting to use compensatory time off. However, the current memorandum of understanding (MOU), allows officers to take time off down to minimum manning levels (“The Books are the Books”). No additional vacation or compensatory time off is allowed once the minimum manning levels for that shift are reached.

FINDING 13

Condition: Postings to official time records have been inconsistent.

Summary: TPD employees are supposed to initial a calendar in their work unit as evidence of each day they work a regularly scheduled shift. They are also expected to submit a leave report each day they work fewer than their assigned shift hours and an overtime request each week they work more than forty hours. Timekeepers assigned to the various divisions review employees' time documentation and manually post to annual master time records, considered the official record for each employee.

A review of sampled employees in the Special Operations Division revealed many postings by timekeepers noncompliant with approved policies and procedures. Timekeepers receive written policies and procedures and are instructed on maintaining consistent time records throughout the department. However, individual practices vary, and reviewing timekeepers' records for completeness and accuracy is a practical impossibility in the manual system. TPD is not staffed with backup timekeepers, so a given timekeeper may maintain all time records for a division.

Controls in place have been ineffective in detecting postings to official records noncompliant with approved policies and procedures. Leave balances and payments to TPD employees could be incorrect.

Recommendation: TPD should transition to electronic time records whenever possible so that single entry of time data produces official records for leave accruals and payroll calculations.

Response:

- As stated in Finding #8, #10, and #13, TPD is in agreement that an electronic timekeeping system should be implemented as soon as possible.

FINDING 14

Condition: Some time documents were not submitted promptly.

Summary: Employees are supposed to submit a leave report for each day they work fewer than their assigned shift hours, and an overtime request for each week they work more than forty hours. Besides the employee's signature on each time document, two supervisory signatures are required.

Review of time data for sampled employees in the Special Operations Division revealed many occasions time documents not submitted by payroll deadlines were included in employees' next semimonthly pay. However, employees submitted some documents so untimely, they were not included in payroll for more than a month. Sometimes, no backup personnel signs time documents when a supervisor is absent, so submissions are delayed until the supervisor returns to work.

Employees accrue eight hours of sick leave for each full calendar month of service, with a maximum accrual of twelve hundred hours. After accrual of nine hundred sixty hours, any excess may be converted to vacation leave at the ratio of eight hours of vacation for each eight hours of accrued sick leave. Although employees are responsible for submitting leave reports and overtime requests, TPD's practice is for timekeepers to submit leave conversions for employees whose sick leave has reached the maximum accrual. If leave conversions are not submitted, accrued balances of sick and vacation leave are calculated as if they had been. Some employees convert sick leave before reaching the maximum accrual, but some do not and may want no more than eight hours per month converted, imposing an ongoing clerical burden on timekeepers.

TPD has not established and enforced deadlines for submitting time documents. Leave balances are incorrect and pay is delayed when time documents are untimely.

Recommendations: 1) TPD should develop and enforce a policy that establishes deadlines for submitting time documents.
2) Employees and supervisors, not timekeepers, should be responsible for timely submissions.

Response:

- As stated in Finding #10, we agree. SOD has established a divisional policy that establishes an expectation that time documents must be submitted properly and on time.

- Although the timekeeper has important responsibility to inform the SOD administrative staff of timekeeping discrepancies, officers, employees, and supervisors ultimately bear the original responsibility to submit proper time records. The goal at SOD is to ensure proper accountability for efficient and effective timekeeping.

FINDING 15

Condition: Actual overtime worked may not be accurately reported.

Summary: TPD's collective bargaining agreement with the City establishes work periods of seven days and defines overtime as all time worked in excess of forty hours during any work period. Employees are directed to elect payment for overtime work in compensatory time off work or cash. For certain situations, the collective bargaining agreement prescribes minimums of overtime compensation which may exceed actual time worked.

Nearly all overtime requests sampled for employees in the Special Operations Division were for at least three hours, and usually not for fractional hours, even though the collective bargaining agreement provides for overtime in one-quarter hour increments. The start and end times of overtime worked are documented on overtime requests, which are signed by the employee submitting the request and two supervisors. So many clerical errors were found on overtime requests, supervisors' signatures were not a reliable control to ensure accuracy of overtime reported. Some requests claimed start or end times that coincided with hours of the employee's shift, so that travel time for working special events was included in overtime requested.

Controls in place have been inadequate to ensure accurate reporting of overtime. Leave balances and payments to TPD employees could be incorrect.

Recommendation: Employees and supervisors should be held accountable for accurately reporting overtime.

Response:

- Most overtime worked by SOD officers is for Court or Special Events. Court overtime minimums are established by TPD Policy & Procedure, in accordance with the CBA.
- The practice of offering a minimum (3) hours overtime for Special Events originated due to the difficulty in scheduling officers to work Special Events for short time periods. To ensure a number of officers sufficient to police Special Events, a (3) hour minimum was established. It should be noted the time worked for Special Events is invoiced to the sponsor, who then pays the City of Tulsa for the number of hours billed at \$50 an hour. This hourly rate more than compensates the hourly rate paid to the officer through the Police payroll.
- The SOD is implementing procedures to assure better accountability and accuracy in overtime requests that are submitted.

FINDING 16

Condition: Some TPD employees did not take authorized furlough hours.

Summary: TPD's memorandum of understanding with the City for fiscal year 2009-2010 directs employees to schedule 64 hours of unpaid furlough. It also provides that if employees have not scheduled their 64 furlough hours by September 30, 2009, TPD's administration can schedule furlough so that all hours are taken during the fiscal year. The memorandum of understanding specifies that the cost of furlough hours is to be evenly deducted from employees' paychecks throughout the year, if permissible. TPD's guidelines state that furlough hours for employees who retire during the fiscal year will be prorated based upon time on the payroll.

Although the Legal Department would not document an opinion, they advised TPD that the cost of furlough hours must be deducted from employees' paychecks for the period in which the furlough hours are taken. To avoid the pro rata cost of furlough for a partial year, some employees who retired during the year did not use any furlough prior to retirement.

TPD's administration did not schedule furlough hours or ensure authorized hours were taken. The City overpaid TPD employees for furlough hours they were supposed to take during the year but did not.

Recommendation: TPD's management should ensure that employees are paid in accordance with agreements and guidelines.

Response:

- Most TPD officers work shifts, with varying days off.
- To be in compliance with the CBA and to provide for better safety for citizens and officers, the Uniformed Divisions are obligated to staff each shift at a minimum manning level.
- During the period under examination, the Police Department was obligated to grant requests for compensatory time off up to 24 hours in advance of the time off. Sick time could be used up to immediately before the start of the shift and could not be planned for in advance.
- Therefore, it was not possible for the TPD to schedule mandatory furlough days off on selected days as did the other City departments and maintain minimum manning levels.
- The Chief of Police directed in writing that all TPD officers schedule to take furlough days by June 15, 2010. All officers assigned to the SOD submitted a schedule of dates they would take as furlough days.

- Some TPD officers may have either retired or were separated from service prior to taking their allotted furlough days.
- TPD was prohibited from assessing officers furlough time off unless the officer took the furlough time.

Conclusion of Response to Findings

The Tulsa Police Department and the Special Operations Divisions is grateful to the Office of the City Auditor for taking the time and effort to review time records, advise us of problems, and offer suggestions for improvement. In response to each finding, we have attempted to offer explanation for discrepancies noted, and when appropriate, to offer our plan to ensure proper accountability, efficiency, and effectiveness in the function of timekeeping. We hope this document will help to replace our outdated manual timekeeping system and provide for implementation of an electronic timekeeping system.

