



Audit of Police Overtime

Follow-Up Review

The Police Department has improved its policies and procedures, ensuring that employees' overtime hours are appropriately approved and reconciled.

An overtime policy containing the overtime procedures and practices and the limits on employees' overtime hours has been implemented.

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Follow-Up at a Glance

Why we did this Follow-Up:

This report is intended to provide information on what changes have been made in response to the Audit of Police Overtime issued in October 2019. The original audit evaluated the Denton Police Department's overtime procedures and processes. This follow-up review was included on the City's fiscal year 2020-21 Annual Internal Audit Plan as approved by the City Council.

What we Found:

The Police Department has significantly improved overtime practices and has created policies and procedures for proper segregation of payroll approval and reconciliation-related activities. Additionally, the Department has developed practices and designed the Workforce Telestaff system's access rights matrix to ensure that police employees are not allowed to self-approve their overtime hours. The status of each recommendation is summarized below:

| Recommendation | Mgmt. Response | Status |
|---|----------------|-------------|
| 1. Segregate the duties of preparing and authorizing the police payroll to reduce the risk of fraud. | Concurred | Implemented |
| 2. Prohibit all Police staff from self-approving overtime. | Concurred | Implemented |
| 3. Periodically review Police TeleStaff user access, including override access, to ensure it is appropriate. | Concurred | Implemented |
| 4. Update the Police Department's policies and procedures to reflect current overtime procedures and practices. | Concurred | Implemented |
| 5. Codify a maximum number of overtime hours for Police Department employees. | Concurred | Implemented |

Introduction

The Internal Audit Department is responsible for providing: (a) an independent appraisal.¹ of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) assurance that assets are properly recorded and safeguarded; (d) assurance that risks are identified and minimized; and (e) assurance that resources are used economically and efficiently and that the City's objectives are being achieved.

The Internal Audit Department has completed a follow-up review of the Audit of Police Overtime issued in October 2019. 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.

Management Responsibility

City management is responsible for ensuring that resources are managed properly and used in compliance with laws and regulations; programs are achieving their objectives; and services are being provided efficiently, effectively, and economically.

Audit Objectives, Scope, and Methodology

This report is intended to provide a progress update on recommendations from the [Audit of Police Overtime \(October 2019\)](#), which evaluated the Denton Police Department's overtime procedures and processes.

Audit fieldwork was conducted during October 2021. The scope of review varied depending on the procedure being performed. The following list summarizes major procedures performed during this time:

- Reviewed documentation from the issued audit to develop criteria including industry standards, best practices, policies, and procedures;
- Interviewed Police Department Administration Division Staff;

¹ The City of Denton's Internal Audit Department is considered structurally independent as defined by generally accepted government auditing standard 3.56.

- Reviewed policies and procedures pertaining to overtime hours approval and reconciliation;
- Reviewed a statistical sample² of 95 paychecks issued between July 17, 2020, to July 16, 2021, to verify the overtime hours' approval and ensure that police employees' overtime hours are not self-approved; and
- Reviewed user access to the Police Department's timekeeping system to verify that police employees are not granted access rights to self-approve their overtime hours.

² This sample size provides with 95 percent confidence that the true population mean is within ± 10 percent of the sample estimate.

Recommendation Status Update

This report summarizes the Audit of Police Overtime's recommendations, management responses, and the Internal Audit Department's follow-up findings, which describe to what extent City management has implemented Internal Audit's recommendations since the publication of the original report in October 2019.

Police Payroll Duties Are Not Appropriately Segregated

1. **Segregate the duties of preparing and authorizing the police payroll to reduce the risk of fraud. If duties cannot be adequately segregated, compensating controls should be developed.**

Management Response: Concur

The Police Department concurs with the recommendation and is currently working on the implementation of improved internal controls.

Audit Follow-Up Finding: Implemented

According to the adopted General Order 1504 – Overtime Compensation Policy, – non-exempt policy employees are required to obtain supervisory approval for overtime hours worked. Additionally, the Police Department has adopted a standard operating procedure that contains steps and activities to be performed by the Police Department's payroll team for payroll processing and reconciliation.

According to this procedure, the Police Department's payroll team reconciles the Department's payroll for each pay period before it is processed by the City's Payroll Division. Based on the review of the last six pay periods' records in the Department's repository, the Police Department's payroll team regularly reconciles the payroll as required by the standard operating procedure.

Not All Overtime is Approved Appropriately

2. **Prohibit all Police staff from self-approving overtime.**

Management Response: Concur

The Police Department concurs with the recommendation and has begun to address this recommendation throughout the chain of command.

Audit Follow-Up Finding: Implemented

The Police Department has created approval procedures to ensure that supervisors or executive staff approve Police Department employees' overtime hours.

Based on review of a statistical sample of 95 paychecks, overtime hours were not self-approved by the Police Department employees in the timekeeping system between July 2020 and July 2021. After the retirement of the Police Administration Supervisor in June 2021, no overtime hours were approved by the Police Department's administrative employees of the reviewed sample. Supervisor or executive staff generally approved employees' overtime hours reviewed.

Additionally, based on the review of the Police Department's timekeeping system access rights, employees do not have the right to self-approve their overtime hours.

- 3. Periodically review Police TeleStaff user access, including override access, to ensure it is appropriate. Access should be reviewed by an employee who is not responsible for making access changes to ensure accuracy.**

Management Response: Concur

The Police Department's Administrative Supervisor (Payroll) has reviewed all TeleStaff users' access and has implemented the recommended changes; this function will be conducted quarterly.

Audit Follow-Up Finding: Implemented

The Police Department has adopted General Order 1504 – Overtime Compensation Policy, – which contains the following provision for periodical review of the timekeeping system:

“The Administrative Services Bureau is responsible for conducting a quarterly review of Department time keep software user access, including override access, to ensure it is appropriate. Access should be reviewed by an employee who is not responsible for making access changes.”

Based on the discussion with Police Department staff, they are planning to create an automated reporting system to review timekeeping access rights and authority by Administrative Services Bureau staff beginning next quarter.

Police Overtime Policy Changes Should Be Made to Align with Best Practices

- 4. Update the Police Department's policies and procedures to reflect current overtime procedures and practices. Consider incorporating the best practices, including codifying some current procedures, described in the previous section to facilitate productivity and mitigate the risk of waste and abuse.**

Management Response: Concur

The Police Department has begun notifying personnel of current overtime procedures and practices while an updated policy manual is being completed. The changes will be reflected in the new policy.

Audit Follow-Up Finding: Implemented

The Police Department has implemented General Order 1504 – Overtime Compensation Policy that formally adopts and codifies the current overtime practices and procedures. The policy also outlines the comprehensive procedure for request and approval of overtime hours that would help mitigate risk and waste.

The Chief of Police, or authorized designee, is responsible for monitoring Department overtime. Based on the information received, an overtime report is presented to the Police Department Executive Team consisting of the Chief of Police, Assistant Chief, and Deputy Chiefs quarterly for their review.

- 5. Codify a maximum number of overtime hours for Police Department employees. This overtime cap may be set up by any period the Police Department deems appropriate and should be incorporated into front-line, supervisory, monitoring procedures.**

Management Response: Concur

The Police Department concurs with the recommendation and has identified a maximum number of overtime hours (76) of combined regular duty, department overtime, and outside overtime per week.

Audit Follow-Up Finding: Implemented

The Police Department has implemented General Order 1504 – Overtime Compensation Policy that prescribes the maximum number of hours to be performed by the Police Department employees including exceptions. According to the adopted overtime compensation policy, except under emergency operations, Police Department employees should not work more than:

- 16 hours in a one-day (i.e. 24 hour) period;

- 30 hours in any two-day (i.e. 48 hour) period; and
- 76 hours in any seven-day (i.e. 168 hour) period.

Except in unusual circumstances, employees are required to have a minimum of eight hours off duty between shifts. Additionally, according to the policy, supervisors are required to give consideration to reasonable rest periods and are authorized to deny overtime or relieve any member who has exceeded the above guidelines to off-duty status.