March 25, 2020

DAVID ROSE
Police Chief
0017

Subject: **Overtime – Police Department
Report 2020-08A**

The final report for Overtime – Police Department Report 2020-08A, is attached. We would like to thank all members of the department for their cooperation and assistance during the review.

Because we were able to reach agreement regarding management action plans in response to the audit recommendations, a formal response to the report is not requested. The findings included in this report will be added to our follow-up system. We will contact you at the appropriate time to evaluate the status of the management action plans.

UC wide policy requires that all draft reports be destroyed after the final report is issued. We also request that draft reports not be photocopied or otherwise redistributed.

           Christa Perkins
           Interim Director
           Audit & Management Advisory Services

Attachment

cc: Judy Bruner
        Alexander Bustamante
        Kristine Johnson
        Gary Matthews
        Cheryl Ross

UC San Diego

AUDIT & MANAGEMENT ADVISORY SERVICES

Overtime – Police Department
Report No. 2020-08A
March 2020

FINAL REPORT

Performed By:

Nai Hwang, Senior Auditor
Evans Owalla, Manager

Approved By:

Christa Perkins, Interim Director

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I.   EXECUTIVE SUMMARY

Audit & Management Advisory Services (AMAS) has completed a review of Overtime for the UC San Diego (UCSD) Police Department as part of the approved audit plan for Fiscal Year 2019/2020. The objective of our review was to assess whether internal controls were adequate to provide reasonable assurance that practices for overtime management for the Police Department were effective and efficient to prevent overtime abuse and contain administrative costs, and in compliance with applicable University policies and procedures and bargaining unit agreements.

We concluded that internal controls for managing overtime practices for the Police Department were generally adequate and appear to function as intended. The Department had a process for overtime review and approval, overtime pay was calculated correctly and exempt employees were not paid overtime. We observed opportunities for improvement with respect to the overtime procedures, proper pre-approval, and documentation to justify business necessity. We also noted additional opportunities for management to timely monitor overtime in order to identify and mitigate costs. During this review, management evaluated overtime causes and started taking appropriate steps to minimize overtime. Management Action Plans to address these opportunities for improvement are summarized below.

> ### A.   Overtime Management
> 1.   Management will provide guidelines to employees on overtime procedures, including requesting overtime, pre-approval, and required supporting documentation to ensure compliance with the University policies and collective bargaining agreements.
> 2.   Management will ensure overtime procedures are followed, including proper approval and documentation to justify business necessity for overtime.
>
> ### B.   Overtime Trend and Monitoring
> 1.   Management has evaluated staff job responsibilities for those employees with high amount of overtime to determine if steps can be taken to mitigate overtime.
> 2.   Management will implement routine overtime monitoring using TeleStaff reports and functionality.

Observations and related management action plans are described in greater detail in section V. of this report.

II. BACKGROUND

Audit & Management Advisory Services (AMAS) has completed a review of Overtime for the UC San Diego (UCSD) Police Department as part of the approved audit plan for Fiscal Year 2019/2020. This report summarizes the results of our review.

The UCSD Police Department provides campus patrol, investigation, crime prevention education and related law enforcement duties for students, staff, faculty, patients and visitors. The primary jurisdiction is the UCSD campus, which includes more than 1,200 acres and 900 buildings, plus the one-mile area surrounding the campus.

As of August 2019, the Police Department staff budget was 94 staff with 17 vacancies. Table 1 shows the staff count by union representation.

Table 1: Police Department Staff Count as of August 2019

Union Name	Union Code	Active Staff	Staff on Administrative Leave/Worker's Compensation/Vacancy	Total Staff Count
Clerical & Allied Services	CX	17		17
Police Officers	PA	26	12	38
Service	SX	18	4	22
No Bargaining Unit	99	16	1	17
Total Staff Count		77	17	94

Analysis of Distribution of Payroll Expense (DOPE) Reports show that during FY2018/19, total payroll costs increased by $517, 301 (6.4%) when compared to FY2017/18. Total straight overtime (OTS) and premium overtime (OTP) represented about 6% of total hours worked and 9% of total payroll costs.

Table 2: Police Department Total Worked Hours and Payroll Costs

Year	Total Hours worked	Total Payroll Costs	Overtime (1) Hours	Overtime (1) Payroll Costs	% of OT to Reg Total Hours	% of OT to Reg Total Payroll Cost
FY2017/18	359,537	$8,055,841	24,438	$765,329	7%	10%
FY2018/19	383,377	$8,573,142	22,192	$741,084	6%	9%
FY2017/18 to FY2018/19 Changes	23,840	$517,301	(2,245)	$(24,245)		
% Change from FY2017/18	6.6%	6.4%	-9.2 %	-3.2 %		

(1) Overtime includes Overtime Straight (OTS) and Overtime Premium (OTP)

The Police Department uses Kronos TeleStaff (TeleStaff) system for scheduling, timekeeping records, and preparing biweekly timesheets for payroll processing. Staff enter time in TeleStaff for regular hours, leave (sick or vacation), overtime, and/or compensatory time (comp time) for the current pay period. At the end of the biweekly pay period, the Business Manager reviews the timesheets to ensure the supervisor's approval and use of proper payroll codes such as OTS, OTP, and/or other payment types per the collective bargaining agreements. After the Business Manager reviews the timesheets, a payroll time worksheet is generated from TeleStaff and is uploaded to the Payroll Personnel System (PPS) for payroll processing.

III. AUDIT OBJECTIVE, SCOPE, AND PROCEDURES

The objective of our review was to assess whether internal controls were adequate to provide reasonable assurance that practices for overtime management for the Police Department were effective and efficient to prevent overtime abuse and contain administrative costs, and in compliance with applicable University policies and procedures and bargaining unit agreements.

In order to achieve our objective, we performed the following:

- Reviewed University of California Personnel Policies for Staff Members (PPSM)-30: Compensation and other policies, procedures, and processes related to overtime;
- Reviewed the following collective bargaining agreements:
    - o Clerical & Allied Services (CX);
    - o Police Officers (PA); and
    - o Services (SX);
- Interviewed the Police Chief and Business Manager;
- Reviewed FY 2017/18 and FY2018/19 DOPE Reports by overtime codes for hours worked and gross pay;
- Analyzed overtime hours and gross pay compared to regular hours and gross pay;
- Recalculated overtime gross pay with actual pay rates on the DOPE reports;
- Reviewed overtime pay for exempt employees;
- Analyzed biweekly overtime pay patterns and identified employees with the highest amount of overtime for FY2018/19;
- Reviewed TeleStaff Timesheet for overtime review and approval processes for selected employees on the October 19 biweekly pay date; and
- Evaluated the adequacy of organizational structure and reporting processes.

Our review focused on overtime straight (OTS) and overtime premium (OTP) and did not include other payroll codes.

IV. CONCLUSION

Based on our review, we concluded that internal controls for managing overtime practices for the Police Department were generally adequate and appear to function as intended. The Department had a process for overtime review and approval, overtime pay was calculated correctly and exempt employees were not paid overtime.

We observed opportunities for improvement with respect to the overtime procedures, proper pre-approval, and documentation to justify business necessity. We also noted additional opportunities for management to timely monitor overtime in order to identify and mitigate costs. During this review, management evaluated overtime causes and started taking appropriate steps to minimize overtime. These opportunities for improvement are discussed in the balance of this report.

V. OBSERVATIONS REQUIRING MANAGEMENT ACTION

A.	Overtime Management
Documentation of Overtime and over-schedules were not consistently maintained for Department management pre-approval as required by policy and collective bargaining agreements. Some overtime purposes were not documented in the timesheet system to justify business necessity.	
Risk Statement/Effect	
Lack of adequate overtime management practices may result in excess payroll costs, which may have a negative financial impact on the Department and the University.	
Management Action Plans	
A.1	Management will provide guidelines to employees on overtime procedures, including requesting overtime, pre-approval, and required supporting documentation to ensure compliance with the University policies and collective bargaining agreements.
A.2	Management will ensure overtime procedures are followed, including proper approval and documentation to justify business necessity for overtime.

A. Overtime Management – Detailed Discussion

University policy (PPSM-30: Compensation, Section III, D. Overtime and Over Schedule [Non-Exempt Employees Only]), states, "…Overtime and over-schedule will be assigned by the department head to meet essential operating needs. Overtime and over-schedule must be approved in advance, but if overtime or over-schedule is worked it must be compensated whether approved or not. An employee is expected to seek advance approval for overtime and over-schedule work."

In the applicable collective bargaining agreements, Article Hours of Work states, "…The University shall decide when overtime is needed. Overtime must be approved in advance by the University. As soon as practicable after the need for overtime is determined, the University shall notify the employee that overtime must be worked. Employees are expected to work overtime when such work is assigned."

Our detailed testing noted that overtime pre-approvals were not formally documented or maintained. We noted some overtime hours were incurred for special events, required training, community outreach and support duties. These kinds of overtime could be planned, requested, and pre-approved. However, the requests and pre-approval were not formally maintained, documented, or referenced to the overtime transactions in Telestaff timesheets. We noted that some legitimate overtime transactions were incurred for daily closing incidents, which may not be possible to pre-approve because the work often needs to be completed even if an employee's shift has ended. Our sample review of the TeleStaff timesheets noted that some overtime transactions briefly stated overtime purpose in the comment field within the system. However, these were not consistently documented for the transactions we reviewed. The Telestaff comment note is meant to assist Supervisors and the

Business Manager in their review and approval of biweekly timesheet prior to the payroll cutoff for the pay period. However, employees effort in seeking advance approval for overtime was not fully documented or maintained. Implementing formal overtime procedures could assist in overtime planning, requesting, and pre-approval to ensure compliance with the University policies consistently.

B.	Overtime Trend and Monitoring
Some employees routinely worked a high number of overtime hours almost each pay period. Most of these overtime hours were not fully documented and/or pre-approved.	
Risk Statement/Effect	
Lack of adequate measures to monitor overtime such as pre-approvals, documented justification, and periodic reviews of overtime, may lead to abuse of overtime and unplanned payroll costs.	
Management Action Plans	
B.1	Management has evaluated staff job responsibilities for those employees with high amount of overtime and is taking steps to mitigate overtime.
B.2	Management will implement routine overtime monitoring using TeleStaff reports and functionality.

B. Overtime Trend and Monitoring – Detailed Discussion

Overtime Trend Analysis (FY2017/18 to FY2018/19)

Our analyses of hours worked based on FY2017/18, and FY2018/19 DOPE reports showed that:

- Total hours worked (regular hours plus overtime hours) increased by 23,840 hours (7%);
- Regular hours (without overtime) worked increased by 7,301 hours (3%);
- Total overtime hours decreased by 1,643 hours (16%) for OTP and decreased by 602 hours (4%) for OTS; and
- Total OTP and OTS hours represented about 10% and 11% of total regular hours.

The increase in regular hours and a decrease in overtime hours appears to be a result of the Police Department hiring more staff in FY2018/19.

Table 3: Total Overtime and Regular Hours Worked Analyses for FY2017/18 and FY2018/19

Year	OTP (1) Hours	OTS (2) Hours	Total Overtime Hours	REG Hours	Other Dos Codes Hours (3)	Total Work Hours	% of Overtime/Reg Hours (4)
FY2017/18	10,539	13,899	24,438	219,488	115,612	359,537	11%
FY2018/19	8,896	13,297	22,193	226,789	134,396	383,377	10%
Changes	(1,643)	(602)	-2,245	7,301	18,784	23,840	
Change %	-16%	-4%	-9%	3%	16%	7%	

(1) OTP = Overtime Premium
(2) OTS = Overtime Straight
(3) Other Dos Codes include shift differentials (SDF), Terminal Vacation Pay (TRM), Safety Compensation (SWC), and other pay codes
(4)   % of Overtime/Reg Hours does not include Other Dos Codes Hours

Our analyses of payroll costs based on FY2017/18 and FY2018/19 DOPE reports showed that:

- OTP pay decreased approximately by $26K (-11%) from FY2017/18 to FY2018/19 while OTS pay increased by approximately $2K;
- Net overtime cost decreased $24K;
- Total regular pay increased approximately $262K (4%); and
- Total gross pay increased by approximately $517K (6%).

Table 4: Total Overtime Payroll Cost Analyses for FY2017/18 and FY2018/19

Year	OTP Pay	OTS Pay	Total Overtime Pay	REG Pay	Other Dos Codes Pay	Total Gross Pay	% of Overtime/Reg Pay (5)
FY2017/18	$227,204	$538,125	$765,329	$6,799,997	$ 490,514	$ 8,055,841	11%
FY2018/19	$201,238	$539,846	$741,084	$7,061,543	$ 770,515	$ 8,573,142	10%
Changes	($25,966)	$1,721	($24,245)	$261,545	$280,000	$517,301	
Changes %	-11%	0%	-3%	4%	57%	6%	

(5)   % of Overtime/Reg pay does not include Other Dos Codes Hours

Overtime Pattern

Based on FY2018/19 DOPE reports, we analyzed total overtime hours (OTS and OTP) for all biweekly employees for overtime patterns. Our analysis noted that six employees' overtime represented 29% of total overtime hours and 32% of gross overtime pay (see Table 5). Further review of the six employees with the highest amount of overtime disclosed that the employees had more than 750 hours of overtime coupled with a high frequency of overtime hours for a majority of the pay periods (see Table 6). For instance, out of 26 biweekly pay periods, these six employees had 17 to 25 pay periods in which they averaged between 35 hours to 70 hours of overtime a week. Management stated that some of the overtime was due to staff vacancies or various assignments but they were working on filling staff vacancies to minimize overtime hours.

Table 5: FY2018/19 Overtime Hours Analysis

Total OTS+OTP Hours	# of Employees	Total Overtime Hours Worked	Total Gross Pay	% of Employee Count	% of Total Overtime Hours Worked	% of Total Gross Pay
>1,000 hours	3	4,005	$152,001	3%	18%	21%
<1,000 hours & >750 hours	3	2,494	$83,511	3%	11%	11%
<750 hours & >500 hours	7	3,999	$132,942	7%	18%	18%
<500 hours & >250 hours	19	6,814	$251,181	17%	31%	34%
<250	75	4,882	$121,449	70%	22%	16%
Total	**107**	**22,192**	**$741,084**	**100%**	**100%**	**100%**

Table 6: FY2018/19 Overtime Hours Analysis for Employees with > 750 Overtime Hours

Employee	Biweekly w/ Overtime (1)	OTP & OTS Hours	OTP OTS Pay	Avg OTS & OTP Hours/Biweekly
Employee 1	25	1,754	$ 75,775	70.1
Employee 2	23	1,236	$ 36,960	53.8
Employee 3	18	1,015	$ 39,266	56.4
Employee 4	24	843	$ 23,039	35.1
Employee 5	17	837	$ 32,875	49.3
Employee 6	23	814	$ 27,598	35.4

(1) The number of biweekly employees with overtime hours worked in FY2018/19, out of 26 biweekly pay periods.

TeleStaff Application

The TeleStaff system has integrated scheduling and communication functionality which eliminates manual phone calls, expedites scheduling, and automatically documents all communications. In addition to these functionalities, we also observed that the Telestaff application has reports that the Police Department could use to support timesheet documentation and overtime monitoring. Table 7 shows a sample of available reports and report objectives for timesheet processes but which are not currently not being utilized.

Table 7: TeleStaff Sample Reports

Report Name	Report Objectives
Accrual Report	Show each employee's balance, earned/remaining hours, and taken/on-period hours with the organization defined accrual codes
Audit Report	Track changes (input, update) to records within TeleStaff
Contact Log Report	Display all the attempts that were made to contact staff members during a given date range
Exceptions Report	Identify work exceptions on a day-by-day basis for the staffing activity, Track specialty expiration dates and display other types of expiring activities and documents, such as physical exams and driver's licenses;
Personal History Report	Display detailed information about all work codes assigned to staff members
Summary Report	Display a graphic for all working and nonworking work codes and their overall totals used by all employees over a given date range.

Source: Kronos Workforce TeleStaff for Law Enforcement Sample Reports