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Seattle Police Department Overtime Controls Audit



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REPORT SUMMARY

Over the past ten years, the Seattle Police Department's (SPD) overtime expenditures have almost doubled. We conducted this audit at the request of the Seattle Police Chief, and we found that significant improvements are needed in SPD's controls for overtime processes in the areas of policies and procedures, budgeting, operations, management monitoring, and special events.

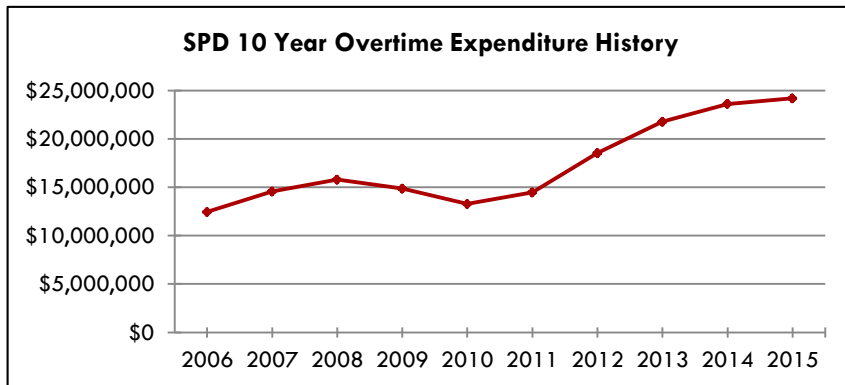
Seattle Police Department Overtime Controls Audit

SEATTLE OFFICE OF CITY AUDITOR

Report Highlights

Background

At the request of Seattle's Police Chief, we conducted an audit of the Seattle Police Department's (SPD) overtime controls for the period January 2013 through June 2015. The Chief had concerns about whether there was adequate leadership, management oversight, and supervisory control to manage SPD's overtime spending. Over the past ten years SPD's overtime expenditures have almost doubled and have significantly exceeded SPD's overtime budget. In 2015, SPD spent \$24.2 million on overtime. SPD's overtime expenditure trend has caused concerns for the City Council and the City Budget Office, as well as for SPD management.



Source: Office of City Auditor summary of SPD data.

What We Found

There are many factors that contribute to SPD's high overtime expenditures and budget overages. Although some of these factors are outside of SPD's control (e.g., number of special events and protests), many are within SPD's control. We identified significant gaps in SPD's overtime internal controls that led to overtime errors and inefficiencies, including duplicate payments of overtime. We found internal control issues in the following six categories:

- 1. Overtime Policies and Procedures** – SPD's overtime policies and procedures are not adequate, and there is no overtime usage policy to provide high-level guidance to supervisors on when overtime should be authorized.
- 2. Budgeting for Overtime** – SPD's budgets have not been set at realistic levels to fund its overtime needs based on current practices.
- 3. Overtime Operational Controls** – Controls over many of SPD's overtime processes are not adequate to ensure overtime is paid accurately and in compliance with existing overtime policies and procedures. Further, current controls do not facilitate adequate monitoring and oversight of overtime. Specific areas for improvement include overtime approvals, overtime recording, reconciliation (i.e.,



WHY WE DID THIS AUDIT

This audit was conducted in response to a request from SPD Chief of Police Kathleen O'Toole to review the controls over SPD's use of overtime.

HOW WE DID THIS AUDIT

To accomplish the objectives we:

- Interviewed SPD sworn and civilian leaders and other City officials;
- Reviewed SPD's overtime policies and procedures, reports, and other documentation;
- Observed the SPD Payroll Unit's processes for entering overtime into the City's payroll system and reviewing overtime for accuracy;
- Collected benchmarking information from comparable municipal police departments;
- Analyzed and summarized SPD payroll data; and
- Tested SPD overtime payroll documentation for four pay periods.

comparison of hours paid to hours worked), centralization of overtime documents, and automated controls to ensure overtime is paid accurately.

4. **Overtime Management Controls** – SPD does not adequately and consistently monitor overtime department-wide or at the section level, or review overtime data to identify potentially abusive or unnecessary overtime.
5. **Special Events Overtime Controls** – Special Events is the largest category of SPD overtime use, representing 38% (\$25.9 million) of total overtime (\$67.6 million) paid between January 2013 and June 2015. SPD's current controls over the planning, authorization, and recording of special events overtime are not adequate. While City policies were recently revised through legislation to result in greater recovery of event policing costs, this will not result in full cost recovery for the City. Procedures need to be developed and implemented to carry out the terms of the new legislation to ensure proper billing and collection of police service costs. In addition, SPD does not have adequate processes to ensure overtime that is reimbursable through contractual agreements is billed accurately and collected timely.
6. **Off-Duty Police Work** – SPD has little control over off-duty police work and does not have a mechanism in place to track off-duty hours worked by SPD employees. Off-duty police work can affect overtime use if officers take leave to work off-duty, and it can result in officer fatigue.

Recommendations

Our report includes 30 recommendations to improve SPD's overtime controls. However, these recommended improvements will not take root unless SPD senior management sets the proper "tone at the top" by emphasizing the importance of overtime controls, clearly communicating to SPD staff the expectation for compliance with the controls, and consistently monitoring for compliance. The following is a summary of our recommendations by general category:

1. **Overtime Policies and Procedures** – SPD should establish policies and procedures for all overtime functions, including a high-level policy to provide management guidance on the appropriate uses of overtime.
2. **Overtime Budget** – SPD should establish a more realistic overtime budget to better fund its actual overtime needs, but that also takes into account the likely reduction in overtime usage due to implementing improved controls, as outlined throughout this report.
3. **Operational Controls for Overtime Processes** – SPD should improve its overtime processes related to approvals and authorizations, recording of overtime, reconciliation of hours paid to hours worked, recordkeeping, and compliance with existing policies. To facilitate monitoring and compliance with overtime policies, SPD should consider implementing an automated staff scheduling and timekeeping system. SPD should also consider staffing some job functions with civilians.
4. **Overtime Management Controls** – SPD should improve monitoring of overtime department-wide and at the section level. Additionally, SPD should consider having an entity independent of operations regularly assess whether overtime is being worked and paid in compliance with policies and procedures and look for indications of unnecessary or abusive overtime.
5. **Overtime for Special Events** – SPD and the City's Office for Special Events should develop and implement procedures to bill for police services in accordance with Ordinance 124860. SPD should ensure all event staffing plans are independently reviewed, overtime plans are reconciled to actuals, and large variances from plans are explained. SPD should improve processes and enforce controls for the documentation and approval of overtime at events. Additionally, SPD should improve its processes and controls related to billing for contractually reimbursable overtime and handling delinquent accounts.
6. **Off-Duty Policy Work** – SPD should establish a mechanism to track off-duty hours worked by its officers to ensure officers are adhering to work hour limits. SPD should also consider developing a plan and timeline for requiring employers of off-duty SPD officers to contract directly with SPD.

SPD's Formal Response to the Audit

In its formal, written response to our report (see Appendix C), SPD stated that it concurred with our findings and recommendations.

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I. INTRODUCTION

Audit Overview

Seattle Police Chief Kathleen O’Toole requested this audit on October 3, 2014. In her request letter, the Chief stated concerns about whether there was adequate leadership, management oversight, and supervisory control to manage overtime spending. She also noted that SPD’s limited review of 2014 overtime spending indicated there were “anomalies,” which led her to call for an audit of all overtime spending for the department. In addition, SPD has been exceeding its overtime budget by millions of dollars for the past several years. These budget overruns have been a source of concern for the City Council and the City Budget Office.

We conducted an audit of SPD’s department-wide internal controls¹ for overtime functions. The basic categories of controls that we included within our audit were:

- **Overtime Policies and Procedures** – formal guidance from SPD that documents the processes and requirements related to overtime;
- **Overtime Budgeting** – the process of planning and budgeting for overtime department-wide and monitoring overtime expenditures in comparison with the budget;
- **Overtime Operational Controls** – the “day to day” functions that ensure overtime is appropriate and is recorded and paid accurately, including the processes for requesting, approving, scheduling, tracking, and processing overtime hours;
- **Overtime Management Controls** – management duties related to reporting and monitoring overtime, including reviews for potentially excessive or inappropriate overtime;
- **Special Events Overtime Controls** – processes related to both the planning, authorization, and recording of special events overtime, and practices to ensure reimbursable costs are billed properly and collected timely; and
- **Off-Duty Police Work** – general controls for SPD off-duty police work.

The audit team gathered the evidence for its audit conclusions and recommendations through six separate types of audit work:

- Interviewed SPD sworn and civilian leaders and other City officials;
- Reviewed SPD’s overtime policies and procedures, reports, and other documentation;
- Observed the SPD Payroll Unit’s processes for entering overtime into the City’s payroll system and reviewing overtime for accuracy;
- Collected benchmarking information from comparable municipal police departments;
- Analyzed and summarized SPD payroll data; and
- Tested SPD overtime payroll documentation for four pay periods.

¹ Internal controls are systematic measures (such as reviews, checks and balances, methods and procedures) instituted by an organization to (1) conduct its business in an orderly and efficient manner, (2) safeguard its assets and resources, (3) deter and detect errors, fraud, and theft, (4) ensure accuracy and completeness of its accounting data, (5) produce reliable and timely financial and management information, and (6) ensure adherence to its policies and plans. *BusinessDictionary.com*

Background Information

SPD is a large municipal police department with a 2015 budget authority for approximately 2,018 Full Time Equivalent employees, of which about 1,434 are sworn² employees, including police officers, sergeants, lieutenants, captains, assistant chiefs, and the Chief of Police. SPD is organized into bureaus, each of which is led by an assistant chief. Bureaus are comprised of several sections, which are managed by a captain or a civilian director or manager.

SPD employees work overtime³ based on departmental needs, including:

- additional police services for special events (e.g., parades, music festivals, and dignitary visits);
- high workload for the current level of staffing;
- peak workloads due to crimes or other conditions;
- backfilling for absent staff and covering for vacant positions;
- attending training; and
- police services for unexpected events, such as demonstrations and protests.

For a detailed view of the uses of SPD overtime, see our table of overtime use between January 2013 and June 2015 broken down by category on page 16. Sworn personnel up to and including the rank of lieutenant are eligible to earn overtime, and SPD civilian personnel are also eligible to earn overtime if they are classified as a non-exempt employee,⁴ or an “hourly” worker. When SPD personnel work overtime, they are usually compensated at 150% of their regular hourly rate of pay, but there are certain times when overtime is paid at 200% or at the employee’s regular hourly rate. SPD overtime pay is governed by City Personnel policy⁵ and by collective bargaining agreements.

In 2015, SPD’s General Fund overtime spending exceeded the budgeted amount by 58%, with General Fund overtime expenses of \$24,192,607 and a General Fund overtime budget of \$15,279,823.⁶

² Sworn law enforcement officers are those who have taken an oath to support the constitution of the United States, their state, and the laws of their agency’s jurisdiction. Sworn officers also have the authority to make arrests and carry firearms and they have completed extensive training, such as police academy training.

³ Overtime is work performed by an employee in excess of a basic workday or work week as defined by SPD rules or a Collective Bargaining Agreement. Throughout this report, all references to overtime include compensatory time (comp time) earned in lieu of overtime pay.

⁴ Non-exempt hourly employees are employees who are compensated on an hourly basis for each hour of work performed, including time worked beyond 40 hours in a work week.

⁵ City Personnel Policy 3.6 – Overtime Compensation.

⁶ SPD’s Overtime Budget includes the amount for SPD overtime that was included in the Adopted Budget plus certain supplemental transfers and appropriations (e.g., transfers from Finance General Reserve for overtime related to the implementation of the U.S. Department of Justice Consent Decree, emphasis patrols, etc.). It excludes supplemental appropriations for year-end balancing.

II. SUMMARY OF AUDIT RESULTS

We identified significant gaps in SPD's controls related to overtime functions, and we organized the issues we identified into six categories and summarized them below. The detailed discussion of the issues and our recommendations are in Section III of this report. We also want to emphasize that these recommended improvements will not take root unless SPD senior management sets the proper "tone at the top" by emphasizing the importance of overtime controls, clearly communicating to SPD staff the expectation for compliance with the controls, and consistently monitoring for compliance with controls. SPD concurred with our findings and recommendations, and their formal, written response to our report is included in Appendix C.

Overtime Policies and Procedures – SPD needs to develop and implement adequate policies and procedures related to the use and administration of overtime. SPD does not have an overtime usage policy, which would provide guidance to SPD managers and supervisors on when overtime should and should not be authorized, and current policies and procedures are inadequate for many operational overtime functions.

Overtime Budgeting – SPD's current overtime budget has not been set at realistic levels to fund its actual overtime needs, based on SPD's current management practices. In recent years, SPD has consistently exceeded its overtime budget by significant amounts. In 2015, SPD exceeded its adopted overtime budget by more than \$8.9 million and was 58% over budget (2015 overtime expenditures totaled \$24.2 million). However, while SPD's overtime budgets have not been adequate to meet its needs, we believe SPD also overspends on overtime due to its poor control of overtime functions, as detailed in the report.

Overtime Operational Controls – The controls over many of SPD's day to day overtime processes are not adequate, compliance with existing overtime policies and procedures needs improvement in some areas, and the efficiency of some overtime processes could be improved. Overtime processes that need stronger controls include approvals, recording into the payroll system, reconciliation (i.e., comparison) of hours worked to hours paid, recordkeeping, and tracking and enforcing compliance with policies. In addition, SPD could reduce overtime expenses by using civilian personnel for some job functions currently staffed by sworn personnel, although we recognize that this could be subject to bargaining with the police unions.

Overtime Management Controls – Significant improvements are needed in SPD management's reporting and monitoring of overtime. Section leaders (i.e., primarily captains) do not consistently monitor overtime, and there is limited independent monitoring⁷ of overtime. In addition, SPD does not regularly review overtime to look for trends or potentially abusive or unnecessary overtime, so there is the risk that inappropriate overtime could occur and not be detected.

Special Events Overtime Controls – Special events is the largest category of overtime usage for SPD and accounted for 38% (376,203 hours) of overtime hours (991,657 hours) paid between January 2013 and June 2015. Internal controls related to overtime functions for special events need significant improvement.

⁷ By "independent monitoring" of overtime, we mean someone within SPD who does not work for the SPD operational/field sections. For example, this could be a staff person who works for SPD Finance or Human Resources.

- **Policy Issues** – At the time of our audit work, the City did not have clear policies that specify which events are and are not charged for police services, and Seattle was not charging event organizers for policing costs for many types of events that some other cities charge for. According to SPD and City officials, the City’s pricing practices led to a large increase in the number of special events occurring in the City and a significant increase in police overtime expenses since most officers work special events on overtime. Ordinance 124860 was passed by the City Council on September 21, 2015 and it clarifies what events should be charged for police services. Nevertheless, the new policies do not result in full cost recovery of police services costs.
- **Operational Issues** – Event staffing plans are not independently reviewed⁸ and reconciled to actual overtime hours worked, and there is no requirement to explain large variances between planned and actual hours. Additionally, we identified issues with SPD’s practices for documenting and approving overtime at special events. Finally, improvements are needed with the handling of delinquent accounts to ensure that reimbursable overtime costs are billed and paid appropriately.

Off-Duty Police Work – SPD has very little control over off-duty police work compared to the other agencies we reviewed, and SPD has no visibility of off-duty hours worked by its employees. Off-duty police work can affect overtime use if officers take leave to work off duty, as other officers must back fill for the employee on leave. Additionally, officers who work both overtime and off-duty may be at risk of fatigue and increased use of sick leave.

III. DETAILED AUDIT RESULTS AND RECOMMENDATIONS

1. Overtime Policies and Procedures

SPD does not have adequate policies and procedures related to overtime. Policies and procedures either do not exist or require improvement. Policies and procedures establish guidelines and document expectations for both employees and managers, and they are a necessary tool for institutionalizing improved overtime controls. We recommend that SPD improve its policies and procedures for both the **use** and **administration** of overtime.

A. Overtime Use Policy

SPD does not have an overtime usage policy to provide sufficient guidance to department management and employees on the use of overtime. For example, SPD does not have a policy that specifies the circumstances in which SPD personnel may be authorized to work overtime or how supervisory approvals for overtime must be documented.

Additionally, SPD does not have a clear policy directing employees and supervisors on the proper process for recording overtime in different scenarios. As we discuss in Section 3.A. on page 9, SPD has two primary methods for recording overtime hours: (1) directly into the employee’s electronic timesheet or (2) on an Event Summary Form or Overtime Request Form. There is no policy that specifies when each method should be used, and this has resulted in confusion about whether overtime has been recorded and by whom. It has also resulted in inaccurate overtime payments,

⁸ By “independently reviewed” in reference to event staffing plans, we mean someone within SPD who does not work for the SPD operational/field sections who perform policing for the events. For example, this could be a staff person who works for the Special Operations Center (SPOC) or for SPD Finance.

including duplicate payments of overtime. We believe the lack of an overtime usage policy contributes to SPD's high overtime expenses.

An overtime usage policy should also address any maximum hour thresholds⁹ for overtime and total work hours (including regular time and off-duty work hours), when compensatory time (comp time) can be earned in lieu of payment for overtime,¹⁰ and how employees should code overtime to ensure accountability and transparency and to facilitate payroll and overtime monitoring processes.

Recommendation 1: SPD should develop and enforce a clear, detailed overtime usage policy that provides (a) management sufficient guidance on the appropriate uses of overtime,¹¹ including compensatory time, and (b) direction on the proper recording and coding of overtime in the City's payroll system. This policy should address the following:

- the activities or service needs that may justify overtime;
- the activities or service needs that do not justify overtime or require special management approval;
- requirements for supervisory approvals and approval processes and documentation;
- any maximum thresholds for overtime hours or total work hours (i.e., regular time plus overtime and off-duty work hours);
- when compensatory time can be earned in lieu of payment for overtime;
- how employees should record overtime to ensure it is paid accurately (e.g., when to record hours in the City's Employee Self Service system or use an Event Summary Form); and
- how employees should code overtime to ensure accountability and transparency and to facilitate payroll and overtime monitoring processes.

This policy should include an effective date and an approval signature. Additionally, SPD should train all employees on the policy and related procedures and monitor for compliance.

B. Overtime Administrative Policies and Procedures

In addition to an overtime **usage** policy, SPD needs to develop and enforce policies and procedures that address all overtime **administrative processes**. Current policies and procedures related to overtime administration are inadequate for multiple aspects of managing overtime, including authorization and approval, payroll processing, monitoring, and billing. For example, although SPD has a policy requiring supervisors to approve overtime before it is worked,¹² current policies and procedures do not clearly describe how prior authorization is to be documented or how approval should be documented in the payroll system before the overtime is paid. As is described in later sections of this report, this lack of documentation and guidance leads to inconsistent practices and can contribute to SPD's high overtime expenditures.

⁹ Currently, the only place that maximum work hour thresholds are documented is in the SPD Department Manual, policy 5.120 on Supplemental Employment.

¹⁰ Per the Seattle Police Officer Guild collective bargaining agreement, section 5.8 states that management approval is needed for any overtime that will be earned as compensatory time.

¹¹ For example, employees are required to obtain approval to work overtime but there is no clear guidance on how the approval is obtained and documented. There is also an exception where employees may work overtime without supervisory approval "when an operational need or work load requires the employee to work beyond their regular shift", but examples of circumstances where such exceptions may or may not apply are not provided.

¹² Seattle Police Department Manual, 4.020 POL 2 – Reporting and Recording Overtime/Out of Classification Pay

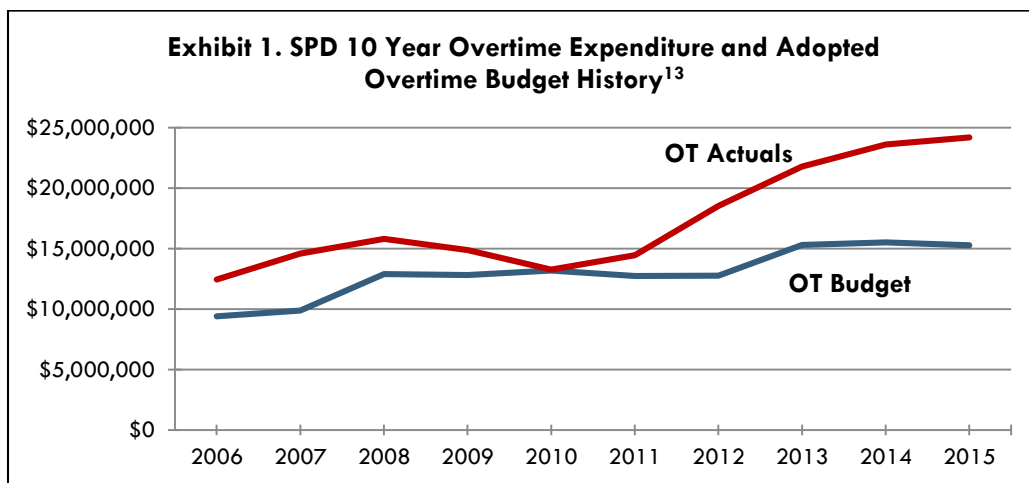
Recommendation 2: SPD should develop and enforce clear and detailed policies and procedures that address all overtime administrative processes, including the following:

- payroll processes for the handling and monitoring of overtime;
- authorization of overtime before it is worked;
- approval of recorded overtime before payment;
- review of recorded overtime for errors or improper entry (e.g., duplicate entry or incomplete coding);
- review of recorded overtime for appropriateness and to help prevent and detect unnecessary or abusive overtime;
- management reporting and monitoring of overtime;
- planning and reconciliation of special event overtime;
- billing of reimbursable overtime, including which overtime costs are reimbursable by event organizers; and
- account delinquency follow-up processes for reimbursable overtime.

Personnel should be trained in all overtime policies and procedures relevant to their job functions. Further, SPD’s policies and procedures should be continually updated as process improvements are implemented.

2. Overtime Budgeting

As can be seen in Exhibit 1 below, SPD has significantly exceeded its adopted overtime budget every year since 2011. In 2013, SPD exceeded its adopted overtime budget by more than \$6.4 million (42% over budget), in 2014 by more than \$8 million (52% over budget), and in 2015 by more than \$8.9 million (58% over budget). The City Council and Mayor have repeatedly approved supplemental budget appropriation requests to cover overtime overages that SPD could not cover with savings in other areas (e.g., salary savings from position vacancies).



Source: Office of City Auditor summary of data from SPD and the City Budget Office¹³

¹³ SPD’s Overtime Budget includes the amount for SPD overtime that was included in the Adopted Budget plus certain supplemental transfers and appropriations (e.g., transfers from Finance General Reserve for overtime related to the implementation of the U.S. Department of Justice Consent Decree, emphasis patrols, etc.). It excludes supplemental appropriations for year-end balancing.

Several SPD field managers (i.e., captains, lieutenants, and sergeants) and administrative managers emphasized to us that the current overtime budget is not sufficient to fund actual overtime needs, and expenditures over the past few years indicate that the overtime budget is not realistic given SPD's current management practices. However, based on the results of our audit work, we also believe that SPD overspends on overtime due to its poor control of overtime functions, as we detail in this report.

Further, as SPD field and administrative managers reported to us, SPD section leaders responsible for managing staff workload and overtime historically have not had a meaningful role in determining the overtime budget for their individual sections. As a result of this, and because the budget has not increased with expenditures and supplemental budget requests have repeatedly been approved, many section leaders view the overtime budget as "political" and appear to lack motivation to be vigilant about trying to manage overtime hours within the budgeted levels.

SPD needs a realistic overtime budget that is based on a rigorous analysis of actual overtime needs and that also factors in reductions in overtime based on the implementation of improved controls for overtime functions, as outlined in this report. The budget should either be adhered to or significant budget variances should be documented, explained, and justified by section management.

Recommendation 3: SPD should develop a realistic overtime budget to fund its overtime needs. The overtime budget should reflect the input of SPD section leaders (i.e., primarily captains) who spend against the budget, the number of department vacancies, planning for special events, and should factor in reductions in overtime costs that result from improved controls, as outlined in this audit report.

Recommendation 4: SPD section management should explain and document any significant variances from the overtime budget to SPD senior management (i.e., Assistant Chiefs, Director of Finance, Chief Operating Officer, and Chief). Additionally, SPD should work with the City Budget Office and the City's Office for Special Events to develop and implement strategies for adhering to the overtime budget.

Benchmarking Results Budget & Overtime Spending

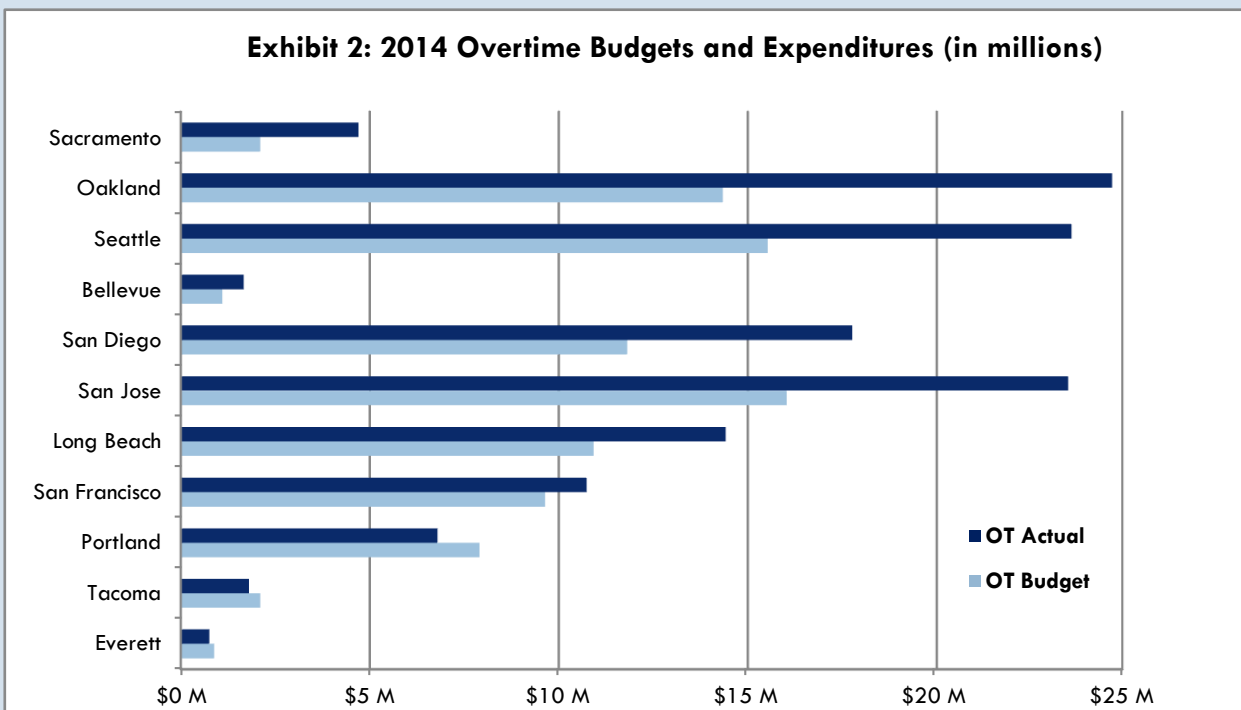
Among the 12 police agencies we surveyed (including Seattle), we found that in 2014 Seattle had the:

- 4th largest police department budget of approximately \$289 million;
- 3rd highest police budget per capita at \$440,000 per 1,000 individuals;
- 2nd highest overtime expenditure amount of \$23.6 million; and
- 3rd highest overtime budget overspend (based on percentage of overtime budget).

Source: Office of City Auditor benchmarking results. See Appendix B for information on our benchmarking methodology.

**Benchmarking Results
Overtime Budgets & Expenditures**

Exhibit 2 summarizes the 2014 overtime budgets and overtime expenditures for the police agencies we surveyed.



Source: Office of City Auditor benchmarking results.

Note: If an agency's fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year.

3. Overtime Operational Controls

Operational controls are the day to day processes that ensure overtime is processed accurately, in compliance with policies and procedures, and as efficiently as possible. One example of an operational control to ensure overtime was paid accurately is reconciliation (i.e., comparison) of overtime hours paid to documentation of hours worked. The controls over many of SPD's day to day overtime processes are not adequate. We make several recommendations to address gaps in controls related to overtime processing, increase compliance with overtime policies and procedures, and improve the efficiency of some overtime functions.

To develop, implement, and evaluate the necessary overtime operational controls, SPD would benefit by using a specialist in internal controls and business process re-engineering. We also believe that SPD may require an additional accounting tech staff person in its Payroll unit to assist with overtime control functions. Further, as we describe in Recommendation 13, SPD would benefit from implementation of a police-specific automated timekeeping and scheduling system, or significant enhancements to existing systems, to help improve overtime controls and efficiency. While an investment in additional staff and technology incurs costs, SPD's overtime over-expenditures are a multi-million dollar issue.

A. Overtime Processing Controls

SPD's controls for several overtime processes are not adequate and require improvement. Specifically, improvements are needed in the following five areas: 1) recording of overtime, 2) reconciliation of overtime hours, 3) automated controls, 4) tracking employees' assignments, and 5) the maintenance of overtime documentation. Overtime controls need to be institutionalized and followed consistently.

Recording of Overtime – SPD has two primary methods for recording overtime hours:

- Overtime hours are entered by an employee, or their supervisor, into the employee's electronic timesheet in the City's Employee Self Service (ESS) system; this data is uploaded into the City's payroll system at the end of each pay period.
- Overtime hours are recorded by an employee on an Event Summary Form or an Overtime Request Form, and payroll staff enter the data from the form directly into the payroll system. This latter method is used mostly for overtime worked for special events.

As we described above, there are no policies and procedures that specify when each type of entry should be used, and this has resulted in confusion about whether overtime has been entered and by whom. Further, although overtime is supposed to be reported within the pay period it was earned, this does not always occur and hours can be entered into the payroll system long after it was worked. As a result of the multiple ways in which overtime hours can be recorded and the potential lag time in recording hours, SPD is at risk of inaccurate and duplicate payment of overtime.

In our analysis of SPD payroll data, we queried 2014 records for instances of the same individual being paid overtime twice for the same number of hours for the same activity on the same work date. We identified over 400 potential duplicate payments for overtime hours in 2014 that totaled more than \$160,000. These preliminary results do not include duplicate payments of overtime that had already been identified and corrected by SPD at the time of our analysis. Determining an exact figure for duplicate payments would require detailed research that was not conducted as part of this audit. SPD reported to us that they are researching the extent of this issue and determining next steps. It appears that many of these potential duplicates occurred because the same overtime hours were entered into the payroll system by both methods described above (i.e., hours were entered directly into an employee's timesheet and were also entered by the Payroll unit from an Event Summary Form or Overtime Request Form). To reduce the risk of duplicate payments, SPD should (1) specify how employees record overtime hours, as we describe above in Recommendation 1, and (2) implement the automated controls discussed in the following section and in Recommendation 8.

Reconciliation of Overtime Hours – There is currently no reconciliation of overtime hours **worked** against overtime hours **paid**, and this creates the risk of inaccurate payment, including overpayments. To reduce this risk, SPD section leaders should periodically verify that all overtime charged to their sections is appropriate and supported with documentation (e.g., Overtime Request Forms and Event Summary Forms). In addition, SPD should strongly consider having an independent reviewer (e.g., from SPD Payroll or Finance) perform reconciliations across the department for all overtime paid. We describe additional recommended monitoring by section leaders in Recommendation 18, and monitoring by an independent entity in greater detail in Recommendation 20.

Automated Controls to Ensure Accuracy and Compliance – SPD’s current payroll system has few automated controls in place to catch overtime errors and non-compliance with overtime policies. During our audit test work and payroll data analysis, we identified several types of errors and instances of non-compliance that could have been identified by automated controls if they had existed, including:

- Instances of **duplicate payments** of overtime that were undetected by SPD, as well as several instances of duplicate payments of overtime that were self-reported by the employee, or identified by SPD and then corrected. We discuss this issue in greater detail above under *Recording of Overtime*.
- Instances of payments for **more than 24 hours of work in a day**. There are cases in which it is appropriate for an employee to be paid for more than 24 hours on a single day (e.g., a retroactive adjustment must be attributed to a single day in the payroll system). However, we identified multiple incidences of employees recording over 24 hours in a day as a result of potential errors in entering standby time. We discuss this issue in greater depth below in *Section B. Compliance with Policies and Procedures*.
- Instances of officers **accruing compensatory time (comp time) in excess of the maximum accrual** set in SPD’s collective bargaining agreements. Comp time earned in lieu of overtime pay can be particularly expensive in scenarios in which there is a minimum required staffing level (e.g., in the 911 Communications Center), because the department must backfill to cover for personnel when they use comp time as leave and this can result in additional overtime. We discuss this issue in greater depth below in *Section B. Compliance with Policies and Procedures*.

Tracking Employee Assignments – SPD’s payroll system does not track an employee’s current assignment (e.g., if they are on loan to a particular unit), and this can make monitoring and reporting on overtime by section time-consuming and inaccurate.

Centralization of Overtime Documentation – There is no centralized repository for all overtime support documents, including Overtime Request Forms and Event Summary Forms. SPD’s Payroll unit retains the overtime support documents for overtime they enter, and the sections are supposed to retain the support documents for time entered by an employee or their supervisor. Without a central repository for overtime documents, it is difficult and time consuming to review and research the details of overtime worked, which is an important control issue.

Recommendation 5: Each SPD section leader should verify that all overtime charged to his or her section is appropriate and reconcile overtime hours with the supporting overtime documentation (e.g., Overtime Request Forms, Event Summary Forms, or other documents). This monitoring should be done in coordination with the section-leader monitoring we describe in Recommendation 18.

Recommendation 6: SPD should implement a process to ensure that overtime costs are accurately recorded and tracked by employee assignment.

Recommendation 7: SPD should establish a central recordkeeping location for all overtime-related documents.

Recommendation 8: SPD should develop automated controls or processes for detecting payroll errors or non-compliance with key policies, such as:

- duplicate payments for overtime;
- entry of more than 24 hours in a single day; and
- accrual of comp time in excess of maximum allowed.

B. Compliance with Overtime Policies and Procedures

In Recommendations 1 and 2, we describe the need for SPD to develop additional overtime policies and procedures and improve those that are already in place. However, SPD also needs to ensure **compliance** with current overtime policies and procedures related to management approval, maximum work hours, accrual of comp time, activity coding, and standby time.

Management Approval of Overtime – SPD policy is for employees to get approval from a supervisor before working overtime.¹⁴ However, SPD does not document approval of all overtime in the payroll system and does not require that all overtime be approved before payment.

- Overtime hours that come to the payroll unit on hard-copy Event Summary and Overtime Request Forms are entered manually into the payroll system. Our review of these forms indicated that most hard copy overtime forms were signed by at least one level of management. However, these approvals are not entered into the payroll system along with the overtime hours.
- If an employee or his or her supervisor records overtime directly into the City's Employee Self Service System (ESS), supervisory approval should be recorded electronically and uploaded to the City's payroll system. From our analysis of payroll data from January 2013 through June 2015, only 88% of overtime hours entered using ESS had supervisory approval documented in the system – **i.e., 12% of overtime hours did not have evidence of approval.**

To ensure all overtime is approved before payment, SPD needs to develop a way to record management approval of all overtime in the payroll system and not allow payment without proper approval. Five police departments we benchmarked with do not allow payment of overtime without supervisory approval in the payroll system.

Maximum Work Hours – SPD's Supplemental Employment Policy prohibits officers from working more than 18 consecutive hours per day or 64 hours per week, including both SPD on-duty and any non-SPD off-duty work.¹⁵ However, SPD cannot enforce this threshold because it does not monitor on-duty hours and it does not track off-duty work time. We queried SPD 2014 payroll data and identified many instances of an employee being paid for over 128 hours of on-duty time (including regular hours and overtime) within a 2-week payroll period, with some employees working over 128 hours in several pay periods over the course of the year. We cannot know if these employees worked off-duty time as well, since SPD does not have visibility over employee off-duty time and there is no requirement that off-duty time be reported to by SPD. However, in 2014, 481 officers (or 35%) were granted permits to work off-duty.

SPD should track all personnel work time, including off-duty time, and management approval should be required when employees exceed the maximum allowable levels, as is required in some other police agencies we surveyed. Enforcing maximum hour thresholds, and tracking compliance

¹⁴ Seattle Police Manual, Section 4.020 (Revision dated 2/1/2016).

¹⁵ Off-duty police work is work that non-City entities hire SPD officers to perform during their off-hours.

with these thresholds, could help control overtime expenses, reduce officer fatigue and the need for sick leave, and reduce opportunities for overtime abuse.

Maximum Accrual of Comp Time – SPD does not monitor compliance with the maximum accrual of comp time hours, which varies by collective bargaining agreement (i.e., 27 hours for patrol officers, 40 hours for other police officers, and 80 hours for parking enforcement officers). SPD Payroll staff reported to us that they used to audit comp time balances, but they no longer have the time necessary. Through our analysis of payroll data and review of overtime documentation, we identified multiple cash-outs of comp time for quantities that exceeded the maximum allowable balance of comp time hours. As we discuss in Recommendation 8, SPD should develop an automated control or a manual process to track comp time balances and ensure employees do not exceed the allowable thresholds.

Overtime Coding – SPD requires employees to code their overtime hours in the payroll system to a specific work activity, other than “general,” so that SPD management can see the specific types of activities that overtime is used for. Additionally, detailed and accurate payroll coding enables SPD to bill event organizers for reimbursable activities. However, we found that almost 5% of overtime hours paid between January 2013 and June 2015 were improperly coded to general police work or left blank. For this period, 47,092 hours, or \$3.2 million, could not be attributed to specific work activities.

Another example of incomplete coding of overtime data is the coding of Resource Type, which identifies whether the employee extended their regular work shift to work the overtime, was called in, or worked overtime on their regular day off. We found that 42% (\$28.5 million) of overtime was not properly coded with a Resource Type and left blank.

Currently, if incomplete or inaccurate data is submitted for payroll processing, the payroll system does not automatically “kick out” these records for further scrutiny or withhold pay. Rather, SPD’s practice is for the Payroll Supervisor to give a blanket approval to all records so employees always get paid. SPD should ensure that all overtime hours are properly coded to provide SPD management with adequate information on the reasons overtime is worked.

Standby Time and Pay for Over 24 Hours of Work in a Day – SPD employees who are required to be available to return to work if needed (i.e., are on-call) when they are off duty (e.g., detectives assigned to the Homicide Unit) are compensated at the rate of 10% of their regular hourly rate for the hours they spend on this “standby” pay status. When an on-call employee must return to work, SPD policy is that standby pay ends and regular overtime rules apply. However, we identified many instances in which an employee appeared to have been paid for more than 24 hours in a day due to receiving standby pay at the same time they received overtime or regular pay. In all, we identified a total of 143 incidences for 40 employees, with a potential financial impact of about \$2,300. Although the impact of these potential errors is relatively small, these payments did not comply with SPD policies and resulted in overpayments to employees. Further, they are another example of the errors that SPD should be consistently searching for and preventing or correcting (see Recommendation 8).

Accuracy of Payments – Throughout the audit, we also identified issues with accurate payment of overtime. Specifically, as we discussed above, SPD does not have a consistent method of preventing or identifying duplicate payments of overtime. In our analysis of 2014 records, we identified over 400 potential duplicate payments for overtime. As it appears that many of these

payments were for overtime hours that were entered into the payroll system twice by different methods, SPD needs to clarify how overtime hours should be recorded and enforce this policy (see Recommendation 1). Additionally, as described in Recommendation 8, SPD needs to implement automated controls to ensure all potential duplicate overtime is identified, so it can be corrected before it is paid or very soon afterwards.

Recommendation 9: SPD needs to enforce current overtime and compensatory time policies and procedures, including those related to the following:

- proper documentation of overtime authorization and approval;
- accurate activity and assignment coding of overtime;
- compensatory time thresholds; and
- accurate recording of overtime and standby time.

Recommendation 10: SPD should develop a way to record supervisory approval of all overtime in the payroll system and not allow payment without proper approval.

Recommendation 11: SPD should track all work time, including off-duty time, and require management approval for hours beyond the maximum allowable level.

Recommendation 12: SPD should ensure that all overtime hours are properly coded to specific activities to provide SPD management with adequate information on the overtime worked for the department.

C. Efficiency and Performance of Overtime Processes

SPD lacks adequate automated tools to conduct overtime processes in an efficient and well-controlled manner, specifically for overtime scheduling, entering overtime into the payroll system; reviewing overtime hours for errors, exceptions, and policy non-compliance; and producing reports on overtime. In addition, some SPD functions that are currently performed by sworn personnel and result in overtime could instead be performed by civilian personnel at a lower total cost to the department.

Timekeeping, Scheduling, and Payroll Systems – The City’s timekeeping system (i.e., Employee Self Service) and payroll system (i.e., EV5) are not tailored to the complexities of the police environment. Additionally, SPD currently does not have an electronic workforce scheduling system and handles all of this work manually. This lack of electronic tools makes the tracking and monitoring of overtime, along with many other aspects of scheduling and payroll, cumbersome and time consuming. For example, SPD managers cannot easily compare an individual’s overtime use with his or her schedule, and this makes it difficult to identify opportunities to reduce overtime by changing shifts. Additionally, as a result of the limitations of the current systems, there are very few automated controls SPD can use to help reduce errors employees make in recording hours or to identify non-compliance with

Benchmarking Results Systems for Scheduling & Tracking Overtime

- Six police agencies we surveyed use or are in the process of transitioning to Telestaff, a scheduling and timekeeping software system that is tailored to police and fire department environments and facilitates overtime tracking and reporting.
- One agency reported that they customized their existing payroll and timekeeping systems to improve overtime tracking and reporting.

Source: Office of City Auditor benchmarking results.

policies. SPD should consider either implementing new scheduling and timekeeping systems or enhancing existing systems to better meet its needs.

Sworn versus Civilian Staffing – SPD could reduce sworn overtime expenses if some jobs were performed by civilians (including retired sworn) instead of sworn staff. Three such areas that currently involve the regular use of sworn personnel on overtime are listed below for consideration. While replacing sworn staffing of these functions with civilian staffing may not result in reduced overtime hours, it would result in reduced overtime expenses because civilian personnel are generally less expensive than sworn personnel. However, this action could be subject to bargaining with the police unions.

- **Background Unit** – Extensive background checks are conducted for new SPD officers and other SPD personnel, and this work is currently done mostly by sworn police officers and frequently involves overtime work. This work could be done instead by civilian administrative staff, retired sworn personnel, or it could be outsourced to a third party agency. From pay periods between January 2013 and June 2015, overtime payments for sworn personnel in the backgrounding unit were \$494,974 (6,611 hours). We surveyed other jurisdictions' police agencies on how they perform background checks and found that half of the agencies use retired sworn officers or contractors to assist active sworn personnel in conducting background checks on new hires.
- **Office of Professional Accountability (OPA) Investigations** – OPA is responsible for investigating various types of complaints about SPD and SPD personnel. Currently, all investigation work is conducted by SPD sworn personnel (sergeants and above) who staff OPA on a rotating basis. The investigations frequently involve overtime work. The head of OPA is a civilian who is not part of SPD, although the office is funded by SPD. OPA's investigations work could be done by civilian professional investigators or retired sworn personnel.
- **Education and Training Section (ETS)** – ETS provides most of the training for SPD personnel. Almost all of the training is developed and delivered by sworn SPD personnel, and substantial amounts of overtime hours are used for these functions. Some of the curriculum development work and the training delivery could be done instead by civilian training professionals. This could reduce SPD's overtime expenses. Our benchmarking results indicated that some jurisdictions use a combination of sworn officers and other staffing resources (e.g., retired sworn officers and civilian subject matter experts) to provide training.

Recommendation 13: SPD should either (a) implement new scheduling and timekeeping systems or (b) enhance existing systems to include automated controls and to facilitate tracking and monitoring of overtime.

Recommendation 14: SPD should consider staffing some positions with civilians, rather than sworn officers, to reduce overtime expenses. SPD should consider civilian staffing in the Background Unit, the Office of Professional Accountability, and the Education and Training Section.

4. Overtime Management Controls

In addition to improving the controls over the day-to-day handling of overtime, SPD also needs to improve the processes and tools used by management to ensure overtime is properly tracked and analyzed, adequately monitored by SPD section leaders and an independent party, and reviewed for potentially abusive or avoidable overtime. An important aspect of effective management control is the “tone at the top” communicated by management. That is, to ensure the effectiveness of controls, management must emphasize their importance, establish policies and procedures, and monitor compliance.

A. Department-Wide Overtime Tracking and Analysis

While SPD has made significant improvements in the last year in how it tracks and analyzes the use of overtime, it still needs to make further improvements to provide management with sufficient information for good decision-making.

SPD’s current monthly overtime management reports employ a format that was specifically designed by SPD Finance to provide command staff with information about overtime in their assigned areas of responsibility. The monthly reports are organized to show overtime targets and actual use (in hours) for selected work activities for each SPD bureau,¹⁶ with further breakdowns within the bureau and by activity.

The reports are targeted to show where the majority of overtime spending occurs in those work activities of greatest interest internally or to others, such as the City Budget Office and the City Council. We believe these reports could be improved to provide a more comprehensive department-wide summary of overtime for work activities by adding a department-wide breakdown of overtime for all work activities (e.g., emphasis patrols or community meetings). This addition to current reporting would enable management to see overtime usage and changes from the department-wide perspective, versus just at the bureau-level. Exhibit 3 is one example of how SPD could summarize overtime hours by activity department-wide.

¹⁶ The SPD bureaus at the time of our audit work were the Chief of Police, Patrol Operations, Criminal Investigations, Special Operations, Chief Operating Officer, Compliance and Professional Standards, and Field Support.

**Exhibit 3. Overtime by Activity in Hours and Dollars
January 2013-June 2015**

Overtime Activity ¹⁷	Overtime Hours ¹⁸	% of Total Overtime Hours	Overtime Dollars ¹⁷	% of Total Overtime Dollars
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. Department of Justice Related Work	40,294	4%	\$3,067,115	5%
Civilian Vacancy/Vacation Coverage	34,933	4%	\$1,480,785	2%
Other ¹⁹	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%
Human Resources and Recruiting	15,450	2%	\$1,066,394	2%
Court	15,224	2%	\$995,960	1%
Traffic	13,960	1%	\$928,973	1%
Community Meetings	13,027	1%	\$940,690	1%
Late Nite Recreation	10,484	1%	\$735,963	1%
Special Projects	9,980	1%	\$716,972	1%
Forensics & Technology	7,812	1%	\$415,111	1%
Mayor's Detail	7,757	1%	\$545,411	1%
Information Technology and Records	4,189	<1%	\$162,129	<1%
Supervisory Duties	3,610	<1%	\$321,410	<1%
Total	991,657	100%	\$67,556,115	100%

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

¹⁷ We categorized hours charged to multiple Resource Categories (RCATs) into these 23 general overtime activities.

¹⁸ We included in this exhibit all overtime and comp time paid by SPD between January 2013 and June 2015, including retroactive payments and payments for overtime that was reimbursed to SPD from other entities (e.g., grants).

¹⁹ Other includes retroactive payments for overtime (\$1.2 million) and other smaller categories of overtime, such as vehicle maintenance or assistance to other federal, state, county, and city agencies.

SPD Finance also should develop and regularly review (e.g., quarterly) reports that document trends in overtime use (department-wide, by section, and by activity), personnel with the highest amounts of overtime, overtime distribution by days of the week and months of the year, and overtime caused by the need to backfill for staff out on leave (e.g., sick leave or vacation).

In conjunction with improving reports to capture more comprehensive information about activities that lead to overtime, SPD should also review the coding structure used to identify and distinguish various activities. SPD Payroll explained to us that overtime coding can be confusing to management and officers. Although there is a certain established hierarchy of the different elements of payroll coding (i.e., RCATs, Activity Codes, and Project IDs), it's not always clear how hours should be coded to ensure costs are tracked properly. Further, SPD Finance has changed the meaning of certain payroll codes over the past couple of years. SPD should re-visit its overtime coding structure and provide regular training to all staff on coding of overtime. We noted that due to a lack of resources, Payroll staff have not conducted any training on entering hours and coding for payroll purposes in over two years.

Recommendation 15: SPD should develop a report that provides a department-wide, comprehensive summary and breakdown of overtime use for all work activities.

Recommendation 16: We recommend that SPD Finance develop and regularly review (e.g., quarterly) the following types of reports to expand its current scope of overtime review and analysis:

- Overtime Trend Analysis – change in overtime spending and hours, in total and by section;
- Comp Time Trend Analysis – change in overtime taken as comp time, in total and by section;
- Comparative Activity Analysis – overtime by primary activity categories compared to prior periods;
- Personnel with Highest Amounts of Overtime – overtime for all personnel over a certain amount (in hours and dollars) or for the top 10% or so;
- Overtime Distribution Analysis – overtime distribution by days of the week or months of the year, and on the individual dates with highest overtime historically (e.g., 4th of July); and
- Analysis of overtime caused by the need to backfill for staff out on leave (e.g., sick leave or vacation).

Recommendation 17: SPD should re-visit its overtime coding structure and provide regular training to all staff on how to code their overtime.

B. Section-Level Monitoring of Overtime

Currently, there is not consistent or adequate monitoring of overtime for most SPD sections. To improve monitoring at the section level, SPD needs to (1) set clear expectations for how and when section leaders are to monitor overtime, (2) provide section leaders with the reports needed to conduct the monitoring, and (3) ensure monitoring is documented by the section leaders and reviewed by management.

Monitoring Expectations – SPD senior management should specify how often each aspect of overtime must be monitored by section leaders. We recommend requiring a monthly review by section leaders of “the overtime basics” listed below and a more thorough review and analysis quarterly and annually (including the reconciliations described in Recommendation 5). Required steps for a section leader’s monthly review of overtime could include:

- Review total overtime for section;
- Review overtime breakdown by activity;
- Review changes in overtime by total hours and dollars and by activity over time;
- Assess reasonableness of section overtime;
- Review individual employee overtime for the section by total hours and by activity;
- Review changes in overtime activity (e.g., total hours, type of work, etc.) at the employee level;
- Assess reasonableness of overtime charged by individuals; and
- Assess reasonableness of standby time.

Overtime Reports for Section Leaders – To facilitate this monitoring, SPD will need to improve the overtime reports available to section leaders. Current overtime reports do not cover all the overtime conditions we listed above, and creating them requires a great deal of manual effort from SPD Finance staff. SPD should determine what they want to know about overtime and then design data systems and reporting to get that information in an efficient manner.

Documentation of Section Leader Monitoring – SPD should prepare an Overtime Review Sign-Off Form that Section Leaders would use to document their reviews. The form should clearly identify the monitoring steps, and SPD should provide training to section leaders on how to execute the new process. Further, SPD senior managers should regularly review and approve completed sheets to ensure the reviews occur.

Recommendation 18: SPD should increase the level and frequency of overtime monitoring required of section leaders and should ensure such monitoring is documented. To do this, SPD senior management should set clear expectations for how and when section leaders should monitor overtime (e.g., monthly, quarterly, bi-annually, annually). At a minimum, section leaders should conduct monthly reviews of overtime use by individual and activity. SPD should also develop a one-page monthly overtime monitoring sign-off sheet that identifies the information each section leader is responsible for reviewing, and section leaders should use these forms to document their monthly reviews.

Recommendation 19: SPD should ensure section leaders have the overtime reports needed to perform the overtime monitoring activities described in Recommendation 18.

C. Independent Monitoring of Overtime

SPD should also implement more robust independent monitoring of overtime and should consider assigning an analyst within SPD Finance or another area outside of operations to monitor and research overtime. Currently, SPD Finance reports on overtime and conducts periodic analyses, but there is no meaningful follow-up process for the results of these analyses and there is no auditing of overtime. This proposed independent monitoring of overtime should supplement our recommended management reviews by section leaders. Processes for independent monitoring should be documented in formal policies and procedures, as we describe in Recommendation 2.

Further, there is very little work done within SPD to look for unnecessary or abusive overtime. The SPD Payroll unit runs some queries to look for some inappropriate overtime conditions (e.g., overtime reported by an employee not eligible for overtime, such as a captain), but these reviews are limited and are focused more on finding payroll reporting errors than looking for potentially inappropriate overtime. In addition to the independent monitoring described above, SPD should implement a regular, periodic review of overtime data to look for indications of unnecessary or abusive overtime.

Recommendation 20: SPD should consider assigning an analyst within SPD Finance or another area outside of SPD operations to monitor and research overtime. This proposed independent monitoring of overtime should supplement our recommended reviews by section leaders. This monitoring should assess whether overtime is being worked and paid in compliance with policies and procedures, and it should also be designed to prevent and/or detect unnecessary or abusive overtime. Any exceptions identified by the independent monitor should be followed up on by an administrative sergeant.

Below are some overtime monitoring activities that should be conducted by someone independent of SPD's sworn field operations command structure:

- Conduct routine audits of the sections and individuals with the highest overtime (e.g., top 10%) to review compliance with policies and necessity of overtime reported. Review the supporting payroll documents for these employees.
- Conduct periodic audits of overtime worked for randomly selected employees and pull and review supporting payroll documentation.
- Run queries and analyses of payroll data to look for overtime that does not comply with department policies. For example, the San Francisco Police Department has an exception report of personnel working more than 14 hours in a day (i.e., their maximum cap for a workday) and this report is reviewed and followed up on by an administrative sergeant.
- Run queries and analyses of payroll data to identify patterns that may indicate unnecessary overtime or overtime abuse, for instance:
 - overtime worked every day by the same employees;
 - employees consistently working overtime on certain days of the week;
 - employees who alternate sick leave (or other paid leave) with overtime on a repetitive basis; and
 - employees who work overtime at a certain time of day, day after day, when their schedule could possibly be altered to better accommodate the work time needs for their position
- Periodically review standby time.

5. Special Events Overtime

SPD provides police services for special events in Seattle, including sporting events, parades, marathons, music festivals, protests, and dignitary visits. Most special events require a Special Event Permit, which are handled by the City's Office of Economic Development (OED), and involve payment of a permit fee and coordination of City services needed for the event, including police services, transportation services, and services provided by the City's Department of Parks and Recreation.

Special Events in Seattle are categorized as reimbursable and non-reimbursable:

Reimbursable special events: Events that require police services, and the cost is reimbursed to the City by the event organizer. While some event organizers reimburse the City for police services based on contractual agreements (e.g., for large sporting events), with the passage of Ordinance 124860 in September 2015, some event organizers will reimburse the City for policing hours through the event permitting process.

Non-reimbursable special events: Events that require police services, but the event organizer does not reimburse the City for the cost of these services.

The City's current controls over special events police overtime are not adequate. Special events (combined non-reimbursable and reimbursable) is the largest category of overtime usage for SPD and accounted for about 38% (\$25.9 million) of total overtime expenditures (\$67.6 million) between January 2013 and June 2015. For this reason, SPD must develop and implement the controls necessary to ensure that these hours are planned, authorized, and recorded properly. Ordinance 124860, which was passed by the City Council in September 2015, clarifies the types of events for which the City should be reimbursed for providing police services and at what hourly rate, but will still not result in full cost recovery for the City. The City needs a process for ensuring that it bills and collects reimbursable policing costs accurately and timely.

During this audit, we focused on internal controls and policies and procedures, and performed a limited review of special events overtime data. We did not review special event data in detail either at the department or employee level. Additionally, we did not assess special event staffing levels. However, in accordance with Ordinance 124860 passed by the City Council in 2015, our office will conduct a detailed audit of SPD's staffing of special events in 2016.

A. Policies and Procedures for Charging for Special Events

Between January 2013 and June 2015, about 23%, or \$15.7 million, of SPD's total overtime was for non-reimbursable special events, and about 15%, or \$10.2 million was for reimbursable special events.

Benchmarking Results Special Events Cost Recovery

Several police agencies we surveyed charge on a full cost recovery basis for police services for private events and most types of special events, except for free speech type events and events with community significance, such as parades.

- Seven agencies reported having an objective decision making process for deciding which events will provide reimbursements.
- Agencies that reported having clear policies regarding which events get reimbursed also reported higher levels of reimbursements for special events.

Some agencies reported that they collect payment for police services in advance of the event and then bill for or refund any difference from actual costs after the event.

Source: Office of City Auditor benchmarking results.

During the time of our audit work, we were told by several SPD officials, as well as by OED's Special Events Director, that Seattle's special events fees are much lower than those for other cities and that they believe that our low fee structure has resulted in a significant increase in events being held in Seattle, and consequently a large increase in police overtime expenses. We were also told that the City's fees do not fully recover the costs incurred by SPD or the City. As noted above, the City Council recently revised the special events permit fees, clarified what types of events should be charged for police services, and specified the hourly rate (i.e., currently \$67) for these services. However, we were told by the Director of the City Budget Office that the new fee structure will not result in full cost recovery.²⁰ To ensure the City recovers as much as allowed under Ordinance 124860, SPD will need to work with the City's Office for Special Events to establish procedures related to collecting deposits for estimated police services, tracking police service hours and costs, and billing or refunding based on actual police costs.

Recommendation 21: SPD should ensure that events are charged for police services as required by Ordinance 124680. This will involve SPD working with the City's Office for Special Events to develop and implement procedures for carrying out the terms of the Ordinance for permitted events related to collecting deposits for estimated police services, tracking actual police hours associated with the events, and billing or refunding event organizers for any differences between actual and estimated police hours.

B. Controls for Special Events Planning and Overtime

Although we did not focus specifically on special events overtime during this audit, we identified control gaps in SPD's processes for reviewing staffing plans before and following events, and for recording and approving special event overtime.

Review of Special Event Staffing Plans – Special Event staffing plans (i.e., planned number of staff and planned hours) are not always reviewed by an independent source, such as SPD's Special Operations Center (SPOC).²¹ Some events that will be held within a precinct's area are planned solely by the precinct. While we recognize the importance of precinct input to special event staffing because precinct personnel are most familiar with the risks associated with their regions, SPD should identify a central entity that is responsible for reviewing every special event plan and develop a consistent approach for event staffing and risk management planning.

The review by SPOC that is supposed to happen prior to the event is not always evidenced with a SPOC official's signature on Event Summary forms. Moreover, we were told by SPOC officials that their unit's staffing is so low that, in actuality, the SPOC review is essentially a "rubber stamp" of the overtime hours that were worked, not an in-depth or critical review process. Additionally, an independent review of **actual** overtime hours worked against **planned** hours after the event does not always occur. There may be good reasons for significant variances from a plan, such as escalation of risk or other unpredictable events, and these conditions would provide the explanation for staffing variances.

Recording and Approval of Special Event Overtime – We identified two specific control issues related to SPD's procedures for recording and approving special event overtime:

²⁰ The OED Special Events Office estimated the special events permit fee increase will result in \$204,000 of additional revenue for the City's General Fund in 2016.

²¹ SPOC was established by a former Assistant Chief with the objective of centralizing all of SPD's non-enforcement activities so the department could get a comprehensive view of special events.

- Overtime hours are normally approved at the close of an event by a sworn SPD “manager.” For most events, the manager is a sergeant and is called the field sergeant for the event. Because the field sergeants who approve the event overtime usually also worked the same event, there is an inherent lack of independence in the current process. This process makes the independent reconciliation of actual hours to planned hours called for in Recommendation 24 even more important.
- Event Summary Forms are used to document overtime worked for special events, and they list the names of all individuals who worked overtime; however, the forms are not always completely filled out with entries for Roll Call time, Event time, Secure time, or the field sergeant’s signature. SPD officers working the events are not required to sign in and out on the Event Summary Forms. We were told by some sworn personnel that field sergeants can remember who attended roll call meetings. However, special events can involve a large number of personnel (e.g., over 100 individuals), and memory does not provide sufficient documentation of the control.

Recommendation 22: SPD should develop a consistent approach and criteria for planning event staffing and managing risk at special events.

Recommendation 23: SPD should identify a central entity that is responsible for conducting an in-depth review and evaluation of all special event plans.

Recommendation 24: SPD should compare actual hours worked to hours planned for all special events, and significant variances should be explained, evaluated, and documented for SPD management.

Recommendation 25: SPD should improve documentation of time worked at special events by completing the Roll Call time, Event time, and Secure time on Event Summary Forms. Additionally, SPD officers working events should be required to sign in and out on Event Summary Forms, and SPD should ensure that these forms are signed by the approving sergeant.

C. Reimbursable Special Events Overtime – Contractual

Reimbursable special events are events that require police services, and in some cases the cost is reimbursed to the City by the event organizer based on a contractual agreement with SPD. Entities contract with SPD for police services for a period of time (e.g., the Seahawks and Mariners contract for an entire season), and SPD also executes short-term contracts or memorandums of agreement to provide services for one-time events, for example with film companies for a photo shoot. During January 2013 through June 2015, reimbursable special events overtime totaled \$10.2 million and represented about 39% of SPD’s total special events overtime expenditures of \$25.9 million.

As noted above, our office will be conducting a detailed audit of SPD Special Events in 2016, and we will be reviewing controls for both reimbursable and non-reimbursable events for that audit. During this audit we conducted a limited review of control procedures related to special events overtime. Nonetheless, we identified the need for improvements to SPD’s processes for tracking overtime worked, billing, and collecting payments for reimbursable events.

Policies and Procedures for Reimbursable Overtime Processes – SPD does not have comprehensive and documented policies and procedures on its processes for handling

reimbursable overtime. Existing policies and procedures need to have an effective date and an approval signature. As described in Recommendation 2, SPD needs documented procedures for reimbursable event billing, payment processing, and the handling of delinquent accounts.

Billing for Police Services – We noted several issues with billing for police services that should be addressed:

- Currently, SPD bills event organizers after the event. SPD could bill event organizers for estimated policing costs in advance of the event, and then bill for or refund any variance of actual costs from estimated costs. This policy change would eliminate most of the issues with delinquent accounts that are discussed below.
- Overtime listed on Event Summary Forms for all reimbursable events should be reconciled to hours entered into SPD's payroll system to ensure all reimbursable overtime is billed. Currently, SPD Fiscal queries the payroll system for overtime associated with each reimbursable event to identify what should be billed to the event organizer. Fiscal queries the system soon after the event was held and then again periodically to try to ensure any hours that were entered into the payroll system late are also identified. During our audit test work of payroll documents, we saw many instances in which Event Summary Forms were not turned in to SPD's Payroll unit for processing until up to a month after the event and we are concerned this could result in some overtime not getting billed to event organizers. Establishing a procedure to reconcile all overtime forms for reimbursable events to overtime entered to the payroll system would ensure that all reimbursable hours are billed.
- Our payroll data analysis work indicated that 4.7% of overtime was coded improperly to a "general work" category or not coded at all. Unless overtime is coded accurately to the event project number, SPD Fiscal will not know it was worked for a reimbursable event and the overtime may not get billed to the event organizer. The high amount of overtime that we found to be coded improperly presents a concern that there is SPD overtime that should be billed but is not due to this payroll coding issue.

Delinquent Accounts – We identified several issues with SPD's processes for handling delinquent accounts for reimbursable overtime.

- Follow up on delinquent reimbursable overtime accounts is limited to sending monthly statements to the customers who are in arrears. SPD should be more actively following up on delinquent accounts by contacting customers to try to obtain payment.
- Delinquent accounts are not written off in a timely manner. SPD's current accounts receivable aging report indicates that some accounts are over 90 days and 120 days delinquent for substantial amounts. As of July 13, 2015, the total amount of significantly delinquent debt was over \$331,000, not including finance charges (i.e., interest charged by the City on delinquent debts). Further, there were eight customers with significantly delinquent accounts of \$5,000 or greater.
 - One of these customers was over 120 days delinquent on a balance of over \$168,000.
 - Another customer was over 120 days delinquent on a balance of over \$53,000.

In 2013, SPD wrote off three reimbursable overtime accounts for a total of \$4,700 and the outstanding balances for two of these account write-offs dated back to 2006 and 2009 (two accounts). All three customers were film companies.

In 2014, SPD sent over \$32,000 in delinquent debt to the City Attorney's Office or to FAS Treasury for collections. This represented twelve accounts in total (most of which were for film companies), with one delinquent account worth \$15,600.

To reduce current issues with delinquent accounts, SPD should revise its billing practices. If SPD collected payment for estimated policing costs before events, and then billed or refunded the customer for any variation from the estimate, then problems with account delinquencies would not be much of an issue. Additionally, at a minimum, SPD should check an organizer's credit history before entering into an agreement for reimbursable police services.

Recommendation 26: SPD should revise its billing practices so that it either (a) bills event organizers for estimated policing costs in advance of the event, and then bills for or refunds any variance of actual costs from estimated costs, or (b) at a minimum, checks organizers' credit histories before entering into an agreement for reimbursable police services.

Recommendation 27: For reimbursable events, SPD should reconcile all overtime hours on Event Summary Forms with hours recorded into SPD's payroll system to ensure all overtime is accurately billed.

Recommendation 28: SPD should contact event organizers to collect payment when debts are 30 days delinquent or earlier.

Recommendation 29: SPD should write off delinquent accounts for special event reimbursements in a timely manner.

6. Off-Duty Work

Off-duty police work is work that non-City entities hire SPD officers to perform during their off-hours. The officers wear their SPD uniforms and carry their SPD-issued weapons to off-duty assignments. Two examples of off-duty police employers are construction firms that hire officers to handle traffic control and pedestrian safety for their construction sites, and businesses that hire officers for security. In 2014, approximately 35% of SPD officers were granted permits to work off-duty for 1,979 off-duty permitted jobs.

Visibility of Off-Duty Work

Currently, SPD has very little control over this off-duty work and no visibility of how many hours officers are working off-duty. Entities that wish to hire off-duty SPD officers have to file a form with SPD and get the department's approval, and officers who wish to work off-duty must also get the department's permission

Benchmarking Results Off-Duty Administration

Most of the police agencies we surveyed had partial or complete control over off-duty police work, enabling them to monitor and manage any impacts to overtime, absences, and performance.

- Three agencies require entities requesting work to contract with the police department rather than directly with the employee.
- Three agencies prohibit or severely limit off-duty police work.
- San Jose has a Secondary Employment Unit that approves and monitors the off-duty program and City approved special events.
- King County requires officers to notify radio dispatch of the location and times of off-duty work, which allows the County to monitor the hours worked.

Source: Office of City Auditor benchmarking results.

annually for each off-duty employer. However, that is the extent of SPD's involvement in this work. The entities that hire the off-duty personnel pay them directly, based on an hourly rate that has been approved by SPD. Comparable police agencies we benchmarked with have much greater control and visibility of their employees police off-duty work.

Without knowledge of the hours personnel spend on off-duty work, SPD cannot know if employees are exceeding their maximum total work hours (i.e., both on-duty and off-duty work) allowed by SPD's Supplemental Employment policy of 64 hours per week or no more than 18 consecutive hours a day. In addition, SPD management cannot determine whether off-duty work could be contributing to high employee paid leave, such as sick leave or family medical leave. Excessive off-duty work could also result in officers who are fatigued or underperforming during their SPD work shifts.

Recommendation 30: SPD should implement a process for tracking off-duty work hours so SPD management can monitor whether officers are a) complying with the department's maximum weekly and daily hours thresholds, b) taking high amounts of sick or other paid leave while also working a lot of off-duty hours, or c) underperforming for SPD work due to high amounts of off-duty time. SPD Policy 5.120 states that SPD personnel are required to log in and out by radio when working off duty, so this might be one option to consider for tracking off-duty time. SPD should also consider developing a plan and timeline for requiring employers of off-duty SPD officers to contract directly with SPD.

IV. OBJECTIVES, SCOPE AND METHODOLOGY

Audit Objectives

Because this audit was requested by the Chief of Police, we developed our audit objectives to address her concerns about whether there was adequate leadership, management oversight, and supervisory control to manage SPD's overtime spending appropriately. During this audit we examined SPD's internal controls related to overtime that are common across all or most of SPD's bureaus and sections, particularly those controls that could result in a significant financial impact on the City. The primary objectives of this audit were to:

1. Determine whether SPD has implemented sufficient internal controls to ensure the SPD overtime budget is accurate and realistic and is based on an analysis of historic overtime data and forecasted needs, and has been communicated to SPD managers responsible for budget categories;
2. Determine whether SPD's internal controls ensure overtime hours are tracked, processed, recorded, and paid accurately and properly for overtime worked (including compliance with SPD collective bargaining agreement requirements related to overtime);
3. Determine whether SPD's internal controls are sufficient to ensure good management control of overtime, including proper authorization, approval, tracking, and management monitoring of overtime;
4. Determine whether SPD's internal controls are adequate to prevent and/or detect fraudulent, excessive, or abusive use of overtime;
5. Determine whether controls are adequate for overtime associated with policing special events, and determine whether controls over reimbursable event overtime ensure the City is accurately compensated for the police services it provides during these events; and

6. When feasible, document SPD's business practices, service delivery methods, or policies and procedures that contribute to avoidable overtime.

Audit Scope

We reviewed current and recent SPD overtime policies, procedures, and practices, with a greater emphasis on current operations. For our payroll data analysis work, we reviewed payroll records for the pay periods from January 2013 through June 2015, and we reviewed payroll documents from 2013 and 2014 for our other audit test work. The timeframe selected for our audit work was in accordance with the audit request from the Chief of Police.

We conducted an audit of department-wide internal controls for overtime functions. We evaluated whether there were adequate controls in place, whether there was compliance with controls, and whether management was properly monitoring overtime controls and following up on any issues. The basic categories of controls that we included within our audit were:

Overtime Policies and Procedures

- Overtime usage policy
- Overtime functions policies and procedures

Overtime Budgeting

- Budgeting process
- Budget monitoring
- Budget performance

Overtime Operational Controls

- Requesting, authorizing, and approving overtime
- Scheduling overtime and tracking overtime worked
- Payroll processing of overtime hours
- Recordkeeping
- Efficiency and effectiveness of overtime functions

Overtime Management Controls

- Overtime reporting
- Management monitoring
- Review/Analysis/Audit for potentially inappropriate overtime

Special Events Overtime Controls²²

- Policing cost reimbursement policy for special events
- Event planning controls
- Event procedures and tracking overtime worked
- Contracts and billing for reimbursable overtime
- Delinquent account procedures for reimbursable overtime

²² We covered internal controls associated with overtime for special events at a high level but did not conduct a detailed review or in depth audit test work. We will do this when we conduct an audit of SPD's special events cost controls in 2016, as requested by the City Council in Ordinance 124860.

Off-Duty Police Work

- Off-duty work policies and procedures
- Reporting of off-duty hours worked

There were some things we did not cover within this audit, primarily due to a lack of time; however, we recommend that these areas be considered for a future audit. We did not complete the following:

- Assessment of overtime controls related to specific SPD sections;
- Reconciliation of overtime paid with supporting documents. This test would involve tracing documents filed at each SPD section;
- Testing of compliance with overtime policies and procedures at the individual employee-level or SPD section level; or
- Analysis of payroll data to look for indications of potential abusive or unnecessary overtime at the individual employee or SPD section level.

Audit Methodology

We based our conclusions on several types of audit work, including reviews of documents, observations, audit test work, and benchmarking. Specifically, we:

- Interviewed SPD and other City officials, including sworn commanders/management of eight “field operations” sections. In total, we interviewed 18 sworn SPD officials (i.e., captains, lieutenants, and sergeants);²³
- Reviewed overtime policies and procedures, reports, and other documentation;
- Observed the SPD Payroll unit’s two-day payroll processing cycle to see how overtime is entered in to the SPD payroll system and reviewed for accuracy and anomalies;
- Conducted test work by reviewing supporting payroll documents for four pay periods;
- Analyzed and summarized raw payroll data on overtime for pay periods ending between January 2013 and June 2015 (see Appendix A); and
- Conducted benchmarking on overtime with 11 comparable police departments, including four local police agencies to learn about their overtime policies and procedures.²⁴ See Appendix B for the full results of our benchmarking survey.

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.

²³ We interviewed SPD management from Budget and Finance, Fiscal, Human Resources, West Precinct, South Precinct, Traffic, Education and Training, Community Relations, Violent Crimes, Communications/911 Center, Special Operations Center (SPOC), and Office of Professional Accountability (OPA).

²⁴ The benchmark agencies include the “West Coast seven” (Long Beach, Oakland, Portland, Sacramento, San Diego, San Francisco, and San Jose) and four local police agencies (Bellevue, Everett, King County, and Tacoma).

APPENDIX A

Payroll Data Analysis

This appendix provides the results of analyses we performed using raw payroll data provided by the Seattle Police Department.

Scope and Methodology

The data we used spanned the pay periods ending January 1, 2013 through June 30, 2015.

Overtime is defined as hours worked beyond an employee's regular shift. In order for an employee to receive pay at the overtime rate, their hours must be coded to an overtime or compensatory time (comp time) earn code in SPD's Employee Self Service System (ESS) or payroll system (EV5). Earn codes are the payroll codes SPD uses to define the rate and method of compensation (i.e., whether an employee is paid at 100%, 150%, or 200% of their regular hourly rate, and whether an employee is paid overtime or earns comp time for additional hours worked).

For our analyses in this appendix, we used ACL and Excel to extract and analyze payroll records with the following overtime and comp time earn codes:

76	Overtime meals
GA	Out of class overtime, 1X regular rate
GB	Out of class overtime, 1.5X regular rate
GC	Out of class overtime, 2X regular rate
MP	Mandatory, 1.5X regular rate overtime
PA	Court overtime, 1X regular rate
PB	Court overtime, 1.5X regular rate
PC	Court overtime, 2X regular rate
TA	Overtime pay, 1X regular rate
TB	Overtime pay, 1.5X regular rate
TC	Overtime pay, 2X regular rate ²⁵
EA	Comp time earned, 1X regular rate
EB	Comp time earned, 1.5X regular rate
EC	Comp time earned, 2X regular rate
MC	Mandatory comp time, 1.5X regular rate

It is important to note that we used the raw payroll data as-is. We did not "clean-up" the data to remove retroactive payments, re-categorize hours, or make any other changes that would affect how the data was summarized. As a result, the data used for our analysis included the following:

- Payments to SPD employees for work conducted outside the time period of review, including retroactive adjustments;
- Bulk pay adjustments and corrections; and
- Payouts for comp time earned outside the time period of review.

²⁵ Used only on the 4th of July if it's not the officer's regularly scheduled day and the officer works overtime.

Approval of Time in the Payroll System

Entries of overtime hours into the City’s Employee Self Service System (ESS) are entered electronically by the employee or their supervisor. These entries require supervisory approval of the timesheet. However, we found that only 88% of overtime hours submitted through ESS had supervisory approval recorded in the payroll system.

Exhibit A1. Supervisory Approvals of Overtime for Hours Submitted through Employee Self Service, January 2013 – June 2015

Hours Submitted	Hours with Supervisory Approval	% Hours with Supervisory Approval
680,350	595,416	88%

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

Resource Type Coding in Payroll System

Another example of incomplete data entry is for Resource Type codes, which identify whether the employee (1) was called in to work overtime (Call In), (2) worked overtime on their regular day off (Day Off), or (3) extended their regular work shift to work the overtime (Shift Extension). We found that 42% of overtime hours lacked a code for the Resource Type.

Exhibit A2. Resource Type Coding for Overtime Hours, January 2013 – June 2015

Resource Type Coding	Hours	% of Total Hours	Dollars	% of Total Dollars
Call In	34,849	3%	\$2,491,512	4%
Day Off	294,483	30%	\$20,988,791	31%
Shift Extension	244,112	25%	\$15,530,008	23%
Blank	418,213	42%	\$28,545,804	42%
Total	991,657	100%	\$67,556,115	100%

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

SPD Employee Overtime Hours and Dollars by Year²⁶

We analyzed overtime to identify the ranges of overtime hours and dollars paid to SPD employees in 2013, 2014, and 2015.

In 2013, the highest number of overtime hours paid to an SPD employee was 1,290 hours; and in 2014, the highest number of overtime hours paid to an SPD employee was 1,398.75 hours.

Exhibit A3. Overtime Hours Paid in 2013

Number of Employees	Number of Overtime Hours
3	1,200 hours or more
5	between 1,000 and 1,199 hours
46	between 800 and 999 hours
90	between 600 and 799 hours
171	between 400 and 599 hours
377	between 200 and 399 hours
1,068	between 0 and 199 hours
1,760	379,711 Total Hours

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

Exhibit A4. Overtime Hours Paid in 2014

Number of Employees	Number of Overtime Hours
4	1,200 hours or more
11	between 1,000 and 1,199 hours
39	between 800 and 999 hours
84	between 600 and 799 hours
175	between 400 and 599 hours
461	between 200 and 399 hours
1,020	between 0 and 199 hours
1,794	409,026 Total Hours

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

²⁶ All references made to overtime hours include both overtime and compensatory time hours.

In 2013, the highest amount in dollars paid for overtime was \$99,023.96, and in 2014, \$103,825.81.

Exhibit A5. Overtime Dollars Paid in 2013

Number of Employees	Dollars Paid for Overtime
0	\$100,000 or more
1	between \$95,000 and \$99,999
2	between \$90,000 and \$94,999
1	between \$85,000 and \$89,999
2	between \$80,000 and \$84,999
3	between \$75,000 and \$79,999
3	between \$70,000 and \$74,999
14	between \$65,000 and \$69,999
19	between \$60,000 and \$64,999
24	between \$55,000 and \$59,999
25	between \$50,000 and \$54,999
29	between \$45,000 and \$49,999
32	between \$40,000 and \$44,999
45	between \$35,000 and \$39,999
62	between \$30,000 and \$34,999
84	between \$25,000 and \$29,999
105	between \$20,000 and \$24,999
154	between \$15,000 and \$19,999
208	between \$10,000 and \$14,999
312	between \$5,000 and \$9,999
635	between \$0 and \$4,999
1,760	\$25,606,862 Total Dollars

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

Exhibit A6. Overtime Dollars Paid in 2014

Number of Employees	Dollars Paid for Overtime
4	\$100,000 or more
1	between \$95,000 and \$99,999
1	between \$90,000 and \$94,999
1	between \$85,000 and \$89,999
3	between \$80,000 and \$84,999
5	between \$75,000 and \$79,999
10	between \$70,000 and \$74,999
9	between \$65,000 and \$69,999
25	between \$60,000 and \$64,999
15	between \$55,000 and \$59,999
23	between \$50,000 and \$54,999
32	between \$45,000 and \$49,999
37	between \$40,000 and \$44,999
40	between \$35,000 and \$39,999
60	between \$30,000 and \$34,999
96	between \$25,000 and \$29,999
123	between \$20,000 and \$24,999
169	between \$15,000 and \$19,999
248	between \$10,000 and \$14,999
355	between \$5,000 and \$9,999
537	between \$0 and \$4,999
1,794	\$27,934,696 Total Dollars

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

Between January and June 2015, the highest number of overtime hours paid to an employee was 787.25 hours, and the highest amount in dollars paid for overtime was \$66,944.02.

Exhibit A7. Overtime Hours Paid Jan-Jun 2015

Number of Employees	Number of Overtime Hours
4	600 hours or more
44	between 400 and 599.99 hours
300	between 200 and 399.99 hours
1,355	between 0 and 199.99 hours
1,703	202,920 Total Hours

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

Exhibit A8. Overtime Dollars Paid Jan-Jun 2015

Number of Employees	Dollars Paid for Overtime
1	\$65,000 or more
1	between \$60,000 and \$64,999.99
0	between \$55,000 and \$59,999.99
1	between \$50,000 and \$54,999.99
2	between \$45,000 and \$49,999.99
5	between \$40,000 and \$44,999.99
13	between \$35,000 and \$39,999.99
28	between \$30,000 and \$34,999.99
46	between \$25,000 and \$29,999.99
76	between \$20,000 and \$24,999.99
129	between \$15,000 and \$19,999.99
215	between \$10,000 and \$14,999.99
365	between \$5,000 and \$9,999.99
821	between \$0 and \$4,999.99
1,703	\$14,014,557 Total Dollars

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

Overtime Hours by Day of Week

Exhibit A9 includes the results of our summary of overtime hours by day of the week.

Exhibit A9. Overtime Hours by Day of Week, January 2013 – June 2015

Week Day	Hours	% Total Hours	Dollars	% Total Dollars
Saturday	206,084	21%	\$13,517,571	20%
Sunday	160,296	16%	\$10,602,076	16%
Friday	150,372	15%	\$10,213,882	15%
Wednesday	133,042	14%	\$9,018,673	13%
Monday	117,029	12%	\$7,783,854	12%
Thursday	113,257	11%	\$7,693,241	11%
Tuesday	111,576	11%	\$8,726,819	13%
Total	991,656	100%	\$67,556,115	100%

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

Top 25 Days for SPD Overtime Hours

Exhibit A10 summarizes the 25 dates with the highest quantity of overtime hours, from highest to lowest, for pay periods ending January 2013 – June 2015.

Exhibit A10. Top 25 Days for SPD Overtime Hours, January 2013 – June 2015

Rank	Date Worked	Overtime Hours	Overtime Dollars
1	05/01/2015	6,114	\$432,166
2	07/27/2013	5,934	\$400,327
3	07/26/2014	5,898	\$406,891
4	07/04/2014	5,868	\$500,216
5	02/05/2014	5,700	\$395,690
6	05/01/2014	4,544	\$323,635
7	07/04/2013	4,375	\$350,876
8	02/01/2015	4,254	\$305,730
9	12/03/2014	4,093	\$290,349
10	08/03/2013	3,876	\$250,498
11	01/19/2014	3,872	\$267,747
12	05/18/2015	3,822	\$264,034
13	09/04/2014	3,696	\$253,893
14	08/17/2013	3,550	\$230,685
15	02/02/2014	3,538	\$254,317
16	05/02/2015	3,467	\$236,384
17	05/01/2013	3,443	\$228,042
18	01/18/2015	3,194	\$218,257
19	08/02/2014	3,186	\$211,797
20	12/31/2014	3,164	\$223,161
21	12/01/2014	3,129	\$224,679
22	06/29/2014	3,110	\$213,206
23	01/10/2015	3,052	\$206,812
24	11/29/2013	2,988	\$194,086
25	06/13/2015	2,963	\$186,066

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

Overtime Hours for July 4th

We analyzed raw payroll data for July 4, 2013 and July 4, 2014, to determine the number of employees who worked overtime and how many hours they worked.

Exhibit A11: Overtime Hours for July 4, 2013

Number of Employees	Number of Overtime Hours
37	15 or more hours
102	between 10 and 14.99 hours
264	between 5 and 9.99 hours
197	between 0 and 4.99 hours
600 Total Employees	4,375 Total Hours

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

Exhibit A12: Overtime Hours for July 4, 2014

Number of Employees	Number of Overtime Hours
43	15 or more hours
201	between 10 and 14.99 hours
267	between 5 and 9.99 hours
229	between 0 and 4.99 hours
740 Total Employees	5,868 Total Hours

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

Overtime Hours by Employee’s Age, Sex, Race, and Years of Service

We analyzed SPD payroll and personnel data to determine the age, sex, race, and years of service of SPD employees who worked varying amounts of overtime between January 2013 and June 2015, and we summarize this data in Exhibit A13. We noted that there was a consistent trend between overtime worked and employee years of service, with the average years of service being higher for employees who earned the most overtime.

Exhibit A13. January 2013 – June 2015 Overtime Hours by Employee Age, Sex, Race, and Years of Service

Number of Employees	Number of Overtime Hours Earned	Average Age (years)	Sex	Race	Average Years of Service
2	3,000 or more hours	53.4 years	100% Male	50% White 50% Asian	25.7 years
9	between 2,500 and 2,999 hours	52.6 years	100% Male	78% White 11% Asian 11% Black or African American	26.0 years
33	between 2,000 and 2,499 hours	50.7 years	85% Male 15% Female	58% White 18% Asian 3% American Indian/Alaska Native 12% Black or African American 3% Native Hawaiian/Other Pacific Islander 6% Two or More Races	24.9 years
75	between 1,500 and 1,999 hours	50 years	87% Male 13% Female	71% White 12% Asian 1% Not Specified 5% Hispanic or Latino 11% Black or African American	22.8 years
178	between 1,000 and 1,499 hours	46.6 years	88% Male 12% Female	70% White 8% Asian 1% American Indian/Alaska Native 5% Hispanic or Latino 12% Black or African American 3% Native Hawaiian/Other Pacific Islander 1% Two or More Races	18.5 years
452	between 500 and 999 hours	44.9 years	75% Male 25% Female	73% White 8% Asian 1% Not Specified 2% American Indian/Alaska Native 6% Hispanic or Latino 7% Black or African American 1% Native Hawaiian/Other Pacific Islander 2% Two or More Races	16.5 years

Number of Employees	Number of Overtime Hours Earned	Average Age (years)	Sex	Race	Average Years of Service
1,238	between 0 and 499 hours	45.8 years	67% Male 33% Female	73% White 7% Asian 1% Not Specified 2% American Indian/Alaska Native 4% Hispanic or Latino 9% Black or African American 1% Native Hawaiian/Other Pacific Islander 3% Two or More Races	15.5 years
1,987 Total Employees Worked OT Between January 2013 and June 2015	Average of 499 Hours per Employee	45.9 years	72% Male 28% Female	72% White 9% Black or African American 8% Asian 4% Hispanic or Latino 3% Two or More Races 2% American Indian/Alaska Native 1% Native Hawaiian/Other Pacific Islander 1% Not Specified	16.5 years

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

SPD provided data for all SPD employees eligible for overtime, as of February 2016, and this information is included in Exhibit A14.

Exhibit A14. SPD Employees Eligible for Overtime, February 2016

Number of Employees	Average Age (years)	Sex	Race	Average Years of Service
1,836 employees	44.32 years	73% Male 27% Female	71% White 9% Black or African American 8% Asian 5% Hispanic or Latino 3% Two or More Races 2% American Indian/Alaska Native 1% Native Hawaiian/Other Pacific Islander 1% Not Specified	15.7 years

Source: Office of City Auditor summary of SPD data.

APPENDIX B

Police Agency Benchmarking

We benchmarked with other police agencies to learn how they manage, track, report on, and are accountable for overtime expenditures. This appendix describes how we selected the benchmark agencies, the approach we used to collect the information, and the results of our benchmarking efforts.



West Coast Seven and Local Police Agencies

We benchmarked with 11 police agencies in three West Coast states. We used the “West Coast Seven” cities (Long Beach, Oakland, Portland, Sacramento, San Diego, San Francisco, and San Jose) to benchmark against Seattle. We used the West Coast Seven because those cities have been used in City of Seattle labor negotiations related to law enforcement wages and benefits

since the 1980s. Because all of the West Coast Seven cities are located outside of Washington, we also benchmarked with the four of the largest local law enforcement agencies in the region (Bellevue, Everett, King County, and Tacoma).

We did not include the King County Sheriff's Office (KCSO) data in our benchmarking exhibits that were based on quantitative analyses of population or land area (e.g., comparison of sworn officers per 1,000 residents or per square mile), staffing, and police agency budgets, overtime budgets, and actual expenditures. KCSO provides local law enforcement services in the unincorporated areas of King County. In addition, some cities and other entities contract with KCSO for law enforcement services. However, we included KCSO in some of our comparisons of various policies and procedures because we believe many aspects of its policies and procedures could be beneficial to Seattle.

Approach Used to Collect Information

To obtain our information, we reviewed the agencies' websites for information on general fund budget, overtime budget, and employee data. On several agencies' websites, we found policies and procedures related to overtime and the sworn officers' collective bargaining agreements. We used U.S. Census data to obtain demographic information on the jurisdictions we surveyed, such as population and square miles. Finally, we sent a list of customized questions to each jurisdiction so they could provide information we were unable to locate independently, confirm the information we collected, and answer over 20 questions that we asked of all jurisdictions. All 11 police agencies provided written responses to the questions. In addition, we conducted in-person or telephone interviews with 10 of the 11 agencies. One jurisdiction provided only written responses. Although we attempted as much as possible to verify self-reported information and the results of our online research, we did not audit the information we received from other police agencies.

Comparison Data and Information

We present our benchmarking results in 9 sections:

1. Demographics (including population and land area)
2. Staffing (total, sworn, and civilian)
3. Police Agency Budgets, Overtime Budgets, and Actual Overtime Expenditures
4. Collective Bargaining Agreement Provisions Affecting Overtime
5. Overtime Budgeting, Management, and Reporting Systems
6. Police Special Events Overtime Reimbursement Policies
7. Off-Duty Policing and Secondary Employment
8. Use of Civilians for Background Checks and Training
9. Police Agency Thresholds for Work Hours

Demographics

The following demographics are provided for context. Seattle serves the fourth largest population and is the third densest jurisdiction.

Exhibit B1. Population, Land Area, and Density per Square Mile

Agency	2013 Estimated Population	Land Area Square Miles ²⁷	Density (pop. per square mile)
San Francisco	837,442	47	17,932
Long Beach	469,428	50	9,314
Seattle	652,405	84	7,776
Oakland	406,253	56	7,242
San Jose	998,537	175	5,709
Sacramento	479,686	97	4,935
Portland	609,456	134	4,538
Bellevue	133,992	31	4,365
San Diego	1,355,896	324	4,181
Tacoma	203,446	50	4,061
Everett	105,370	33	3,150

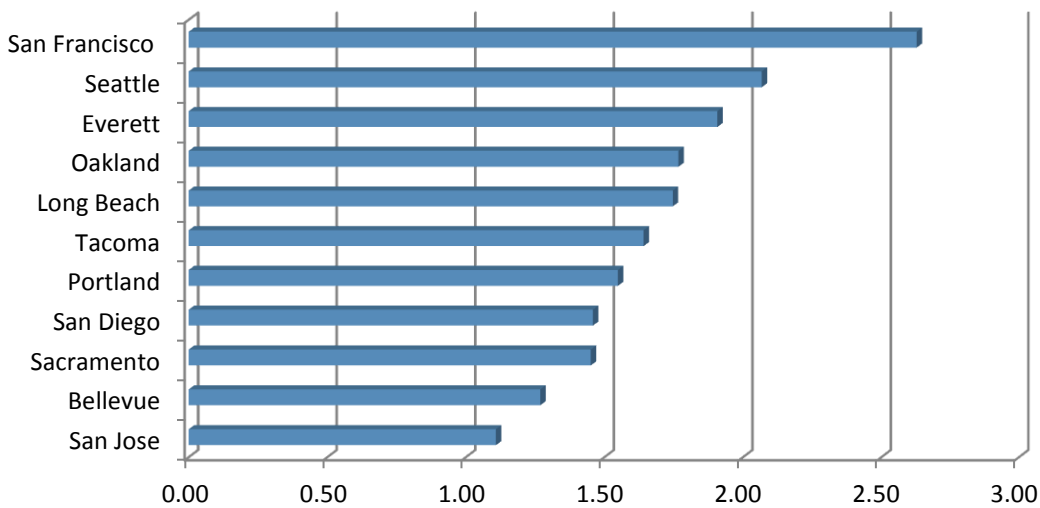
Source: Office of City Auditor benchmarking results.

²⁷ We used land area square miles rather than total square miles to determine density, because total square miles include bodies of water. We used total square miles in other analyses, when we believed it was more appropriate to do so.

Staffing

A 2012 police staffing and allocation study performed by Michigan State University researchers²⁸ found that a number of police agencies use resident population to estimate the number of officers a community needs. They stated that while this method provides an easy calculation and interpretation, it may provide a biased representation of a jurisdiction’s need and does not take into account intensity of the workload or crime experienced in the jurisdiction. There is no generally accepted benchmark for the optimum staffing rate based on population. However, because staffing by population is easily available, we provide it here for our benchmark agencies (including Seattle) for further context.

Exhibit B2. Police Agency Sworn Officers per 1,000 Population



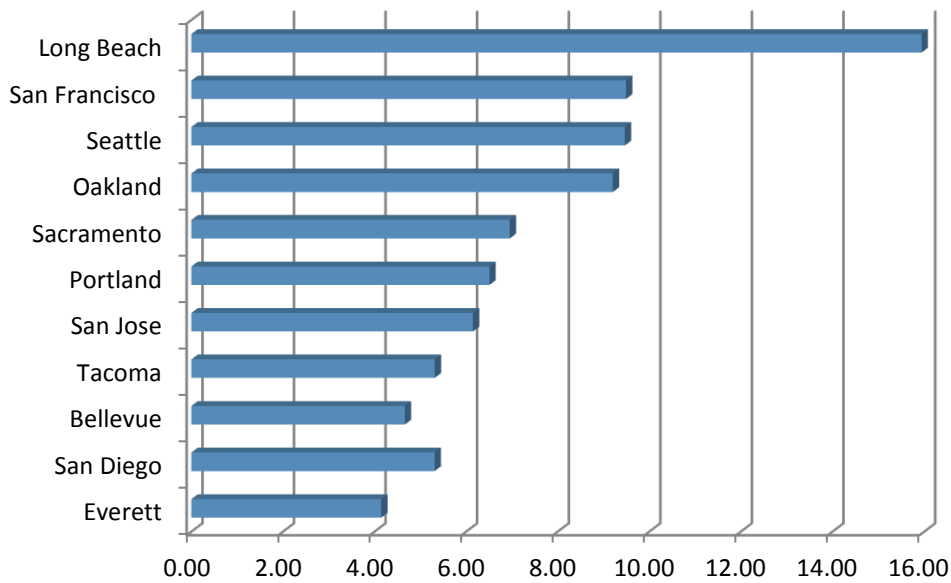
Agency	2014 # of Sworn Officers Budgeted	2013 Estimated Population	2013 Estimated Population/1000	Officers per 1,000 Population
San Francisco	2,201	837,442	837	2.63
Seattle	1,349	652,405	652	2.07
Everett	201	105,370	105	1.91
Oakland	718	406,253	406	1.77
Long Beach	820	469,428	469	1.75
Tacoma	334	203,446	203	1.64
Portland	944	609,456	609	1.55
San Diego	1,978	1,355,896	1,356	1.46
Sacramento	696	479,686	480	1.45
Bellevue	170	133,992	134	1.27
San Jose	1,107	998,537	999	1.11

Source: Office of City Auditor benchmarking results.

Note: If an agency’s fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year. We used 2013 U.S. Census data for estimated population, because 2013 was the most recent year for which census data was available.

²⁸ *A Performance-Based Approach to Police Staffing and Allocation*, Jeremy M Wilson and Alexander Weiss, Michigan State University, 2012.

Exhibit B3. Police Agency Sworn Officers per Total Square Miles

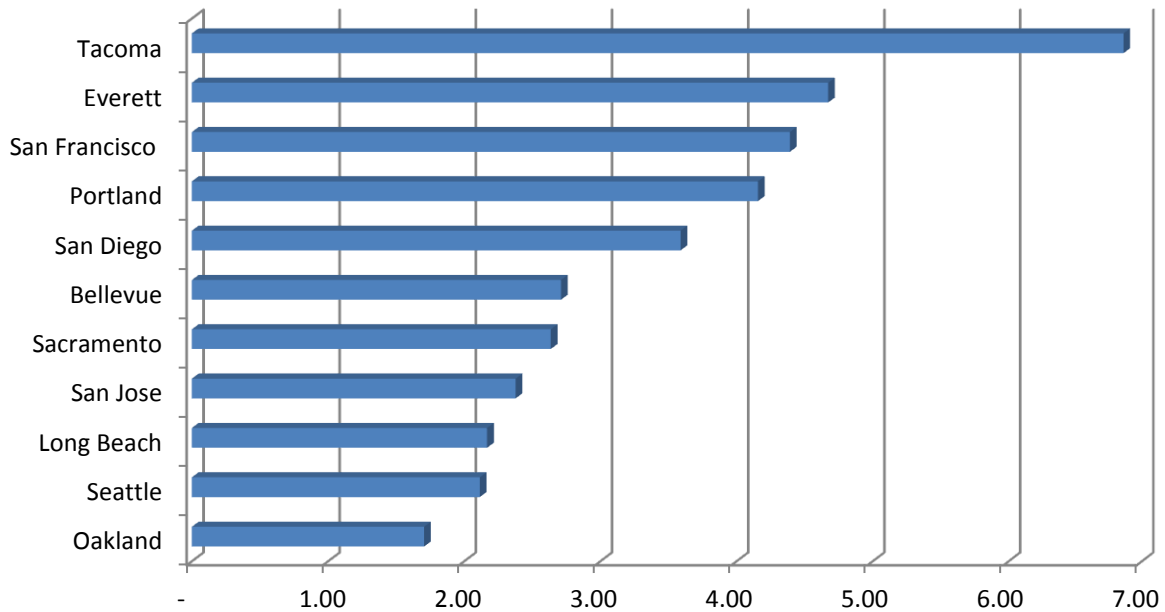


Agency	Total Square Miles	2014 # of Sworn Officers Budgeted	Sworn Officers per Square Mile (Total)
Long Beach	51.43	820	15.94
San Francisco	231.89	2201	9.49
Seattle	142.5	1349	9.47
Oakland	78	718	9.21
Sacramento	100.1	696	6.95
Portland	145	944	6.51
San Jose	179.97	1107	6.15
Tacoma	62.84	334	5.32
Bellevue	36.47	170	4.66
San Diego	372.4	1978	4.43
Everett	48.49	201	4.15

Source: Office of City Auditor benchmarking results.

Note: If an agency's fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year.

Exhibit B4. Police Agency Sworn to Civilian Employee Ratio



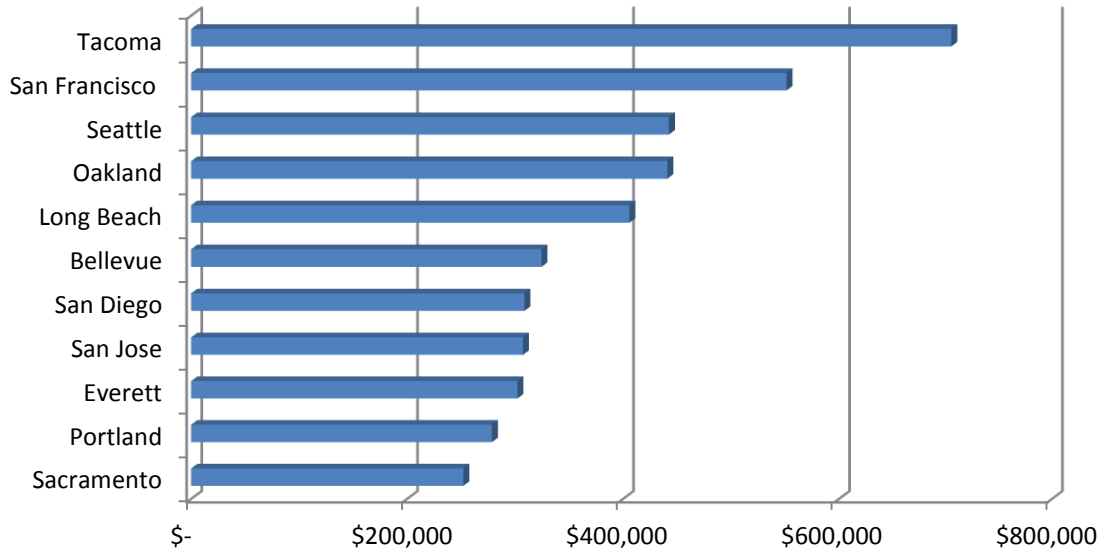
Agency	2014 # of Sworn Officers Budgeted	2014 # of Civilian Employees	Sworn to Civilian Employee Ratio
Tacoma	326	47.50	6.86
Everett	201	43.00	4.67
San Francisco	2,201	501.00	4.39
Portland	944	227.00	4.16
San Diego	1,978	551.00	3.59
Bellevue	160	59.00	2.71
Sacramento	696	263.96	2.64
San Jose	1,107	465.37	2.38
Long Beach	820	378.00	2.17
Seattle	1,349	637.85	2.11
Oakland	718	420.85	1.71

Source: Office of City Auditor benchmarking results.

Note: If an agency's fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year.

Police Agency Budgets, Overtime Budgets, and Actual Expenditures

Exhibit B5. Police Agency General Fund Budget Per 1,000 Population



Agency	2014 General Fund Police Agency Budget	2013 Estimated Population	General Fund Budget per 1,000 Population
Tacoma	\$143,428,570	203,446	\$704,996
San Francisco	\$461,690,894	837,442	\$580,542
Seattle	\$288,667,732	652,405	\$442,467
Oakland	\$179,148,647	406,253	\$440,978
Long Beach	\$190,481,977	469,428	\$405,775
Bellevue	\$43,479,370	133,992	\$324,492
San Diego	\$418,542,912	1,355,896	\$308,684
San Jose	\$306,848,315	998,537	\$307,298
Everett	\$31,839,259	105,370	\$302,166
Portland	\$169,779,755	609,456	\$278,576
Sacramento	\$120,954,913	479,686	\$252,154

Source: Office of City Auditor benchmarking results.

Note: If an agency's fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year. We used 2013 U.S. Census data for estimated population, because 2013 was the most recent year for which data was available.

Exhibit B6. Budgets, Overtime Budgets, and Actuals

Agency	2014 General Fund Police Budget	2014 OT Budget	2014 OT Actual	OT Budgeted vs OT Actual (Over Budget)	Actual OT as % of Total Budget	Actual OT as % of OT Budget
Sacramento	\$120,954,913	\$2,100,000	\$4,700,000	(\$2,600,000)	4%	224%
Oakland	\$179,148,647	\$14,337,189	\$24,727,146	(\$10,389,957)	14%	172%
Seattle	\$288,667,732	\$15,526,280	\$23,625,263	(\$8,098,983)	8%	152%
Bellevue	\$43,479,370	\$1,094,458	\$1,661,959	(\$567,501)	4%	152%
San Diego	\$418,542,912	\$11,811,076	\$17,761,956	(\$5,950,880)	4%	150%
San Jose	\$306,848,315	\$16,028,257	\$23,537,738	(\$7,509,481)	8%	147%
Long Beach	\$190,481,977	\$10,920,865	\$14,417,774	(\$3,496,909)	8%	132%
San Francisco	\$461,690,894	\$9,638,898	\$10,735,647	(\$1,096,749)	2%	111%
Portland	\$169,779,755	\$7,900,000	\$6,790,000	\$1,110,000	4%	86%
Tacoma	\$143,428,570	\$2,100,000	\$1,800,000	\$300,000	1%	86%
Everett	\$31,839,259	\$882,465	\$753,496	\$128,969	2%	85%

Source: Office of City Auditor benchmarking results.

Note: If an agency's fiscal year differed from the calendar year, we used data from the 2013/2014 fiscal year.

Collective Bargaining Agreement Provisions and Department Policies

We reviewed the collective bargaining agreement provisions and internal department policies related to overtime and found significant differences between Seattle's overtime provisions and those found in some police agencies in four areas: 1) whether paid time off counts towards hours worked for overtime, 2) holiday pay rules, 3) overtime pay for telephone calls, and 4) standby or on-call rates. Below is a summary of the differences:

- **Paid Time Off:** Does paid time off (holidays, vacation sick leave) count as hours worked for calculating overtime compensation? In Seattle, paid time off counts towards hours worked on a daily and weekly basis for calculating overtime. Two police agencies, San Diego and San Jose, do not count paid time-off as hours worked for calculating overtime. For example, if an employee takes four hours of vacation or sick leave, and then works six more hours on the same day, they would not receive two hours of overtime at the overtime premium rate.
- **Holiday Pay Rules:** In Seattle, the holiday work rate is 1.5 times the regular hourly rate and 2.0 times the regular hourly rate when working on the 4th of July. Two agencies (Oakland and Tacoma) required officers to work the day before and/or after the holiday in order to receive holiday pay. Four police agencies pay all officers an amount in lieu of holiday pay or a pay adjustment for holidays. In these police agencies, police officers who work holidays receive no additional compensation. These agencies are: Everett, Long Beach, Sacramento, and San Jose.
- **Overtime Pay for Telephone Calls:** Seattle pays officers 1.5 times the regular hourly rate for any calls equal to or greater than 8 minutes, in one hour intervals. Two police agencies do not pay officers for taking telephone calls on their personal time (San Francisco and San Jose). Four police agencies pay for telephone calls in shorter intervals, for example for actual time rounded up to the nearest 15 minutes (Portland, Bellevue, Everett, and Long Beach). One police agency pays two hours for one call per day (Sacramento).
- **Stand-by or On-call rates:** Seattle pays 10% of straight time pay for standby or on-call time with no maximum hours or amount of pay. Seven police agencies capped the amount of pay or hours paid for stand-by. For example, two police agencies pay two hours if the stand by occurs on a work day and three hours if the stand by occurs on the day off. One police agency pays one hour of overtime in the a.m. and one hour of overtime in the p.m. Others pay either \$1.00 or \$3.00 per hour. San Diego pays one day of discretionary leave for every 300 hours of standby. If the employee is on standby on their day off, he/she gets 24 hours of standby.

Overtime Budgeting, Management, and Reporting Systems

Exhibit B7. Washington and Oregon Police Agencies

Agencies	Seattle	Bellevue	Everett	King County Sherriff's Office	Portland	Tacoma
1. In last 10 years have you exceeded your overtime budget?	Yes	Yes	No	Yes	Yes	Yes
2. If yes to 1, which years did you exceed your overtime budget?	All 10 years	They have gone over budget the last four years, and 7 of the last 9 (one year is reflected as NA).	Have not exceed budget in the last 8 years – they have no prior knowledge before that, but they can assume they did not exceed it.	Although they exceed the OT budget, they stay within the Department's overall expenditure budget.	Between 2004-05 through 2008-09 and in 2011-12 and 2012-13. Under budget in 2009-10, 2010-11, and 2013-14.	FY 2003-04, 2005-06, and 2007-2008.
3. How much did you exceed your OT budget by in those years?	Between \$8.6 million in 2014 and \$100,000 in 2010.	Amounts over budget vary from \$600,000 to \$75,000. In 2009-2010 they were under OT budget by \$236,000 and \$165,000, respectively.	N/A	In 2014 by approximately \$1.7million (King County provided no other numbers).	Exceeds budget on average by about \$1.25 million, with a high of \$2.53 million in 2007-08 and a low of \$240,000 in 2012-2013.	Did not provide amounts. Have not exceeded OT budget in the last several years.
4. What were the consequences of exceeding the OT budget?	Requests for supplemental appropriations to the City Council to cover excess are granted without consequence.	Minimal, if any, consequences, except for the two years after 2007 and 2008, where the Chief felt compelled to issue a directive limiting overtime use.	N/A	Salary savings is used to cover over expenditures related to OT. High vacancy rate results in salary savings which far exceed the cost of OT.	Excess in OT explained to City Budget Office and City Council largely without consequence.	There were no budgetary consequences during the years the Police Department went over budget.
5. What systems do you use to schedule/ manage OT?	There are no automated systems in place to help manage OT.	Telestaff	Telestaff for scheduling and Kronos for payroll. Everett is transitioning to an all-electronic OT Approval System using Telestaff.	Telestaff	An SAP Enterprise Management System (a Citywide system).	Telestaff is used as Tacoma's scheduling solution.

Source: Office of City Auditor benchmarking results.

Exhibit B8: California Police Agencies

Agency	Long Beach	Oakland	Sacramento	San Diego	San Francisco	San Jose
1. In last 10 years have you exceeded your overtime budget?	Yes	Yes	Yes	Yes	Yes (only kept track last 7 years)	Yes
2. If yes to 1, which years did you exceed your overtime budget?	Every year except 2010.	Every year since FY07-08, except FY10-11.	Yes, in each of the last 10 years (actually last 19) has exceeded its budget.	Every year since 2010 and expect to exceed it in 2015. No info before 2010.	Every year since 2007-08, except FY 2009-10 and 2011-12.	2012/13, 2013/14, and 2014/15.
3. How much did you exceed your OT budget by in those years?	Range from \$250,000 to nearly \$7million.	In FY10-11 OT came in under budget by about \$700K. In FY11-12, FY 12-13, and FY13-14 was over by \$5M, \$8M, \$10.3M respectively.	From a high of \$5.6 million in FY07 to a low of about \$500K in FY11 and FY12. Average overage of last 10 years was about \$2.2 million.	\$2-\$6 million above adopted budget and \$2-\$4 million above adjusted budget.	In 2007-08, ~\$8.3 million, by 2012-13 and 2012-14, ~\$1million	2012/13 ~ \$661,000 2013/14 ~ \$2,111,180 2014/15 ~ \$3,600,000
4. What were the consequences of exceeding the OT budget?	Leadership is kept informed of anticipated expense levels, which minimizes surprise and adverse reaction.	Yes. OPD had to justify the overspending to the City Administrator, Mayor, and City Council and propose reduction strategies.	There were no consequences but the Department did end up going over budget in some of the years because there was not adequate salary savings to cover the difference.	Other than asking elected officials for more money; not sure if there are any consequences.	Must go before Board of Supervisors mid-year or end of year to ask for supplemental or budget transfer.	The high vacancy rate requires officers to work overtime, which creates some savings in fringe benefits/retirement.
5. What systems do you use to schedule/manage OT?	Long Beach is transitioning to using Telestaff for scheduling and timekeeping.	They use Telestaff for scheduling OT.	They use an Oracle based financial system to report on OT. They don't use Telestaff and don't have a software system to track/schedule OT.	The Department uses a manual process for scheduling. They do not use an automated scheduling system. They use SAP for reporting and payroll.	Oracle Scheduling System and PeopleSoft Payroll System tracks all time - raw file interfaces with City's payroll system.	They use PeopleSoft reports to track and manage expenses. There are full and part-time employees so they use a combination of paper and a web based system.

Source: Office of City Auditor benchmarking results.

Police Services Special Events Overtime Reimbursement Policies

Exhibit B9. Police Services Special Events Overtime Reimbursement Policies

Agency	What types of events reimburse for police services?	Who decides which events require full reimbursement?	How much is reimbursed?
Seattle	No set policy regarding what gets reimbursed. During our audit, Ordinance 124860 was passed and it does provide additional guidance about what types of events will reimburse the City for police services.	It is not clear who decides which events will reimburse the City. During our audit, Ordinance 124860 was passed and it does provide additional guidance on event reimbursements.	29% of Special Events overtime is reimbursable, and 10% of all department overtime. During our audit, Ordinance 124860 was passed and it does provide additional guidance on the amount of police services costs to be reimbursed to the City.
Bellevue	There are no specific laws, regulations, or policies that govern reimbursements.	Generally, these arrangements are made during the permit process and the Fiscal Unit follows through with billing.	Most, if not all event policing costs are reimbursed including full overtime salary, plus variable benefits. There is no charge for vehicles, gas, radio, etc.
Everett	They receive reimbursement for various special events, the Xfinity Center security, public works projects, and grants.		They recover all overtime costs for salary, but rarely will it include benefits.
Long Beach	If the event requires a permit and a condition of approval of that permit requires traffic enforcement or law enforcement presence/security, the events will be reimbursed.	The City Manager.	100% are recovered, unless the event is City-sponsored.
Oakland	Fees and charges are specified in the Master Fee Schedule. Oakland bills event organizers for policing costs in advance of event.	Oakland's Master Fee Schedule dictates the payment structure for events. However, the Chief of Police can waive the fee or may impose additional conditions to the permit including requiring the applicant to retain or hire one or more security officers.	The majority get reimbursed.
Portland	City policy states that City services providing private benefits should be paid for by fees and charges as much as possible to maximize flexibility in the use of City general revenue sources to meet the cost for services of broader public benefit.	The decision regarding what does not get reimbursed is made by the City Council. The City Council voted not to charge some large public events with City historic/cultural significance, such as the Rose Festival.	Within the last few years, the City made a big turn-around and is now being reimbursed for significantly more special event policing costs than not.
Sacramento	Most private events get reimbursed for the costs incurred.	If the event coordinator is unable to fund OT, the decision about whether to staff the event is made by the Police Department.	There is almost no reimbursement for protests or state government related events. Sacramento is a capital City and therefore manages many events with little or no reimbursement.

Agency	What types of events reimburse for police services?	Who decides which events require full reimbursement?	How much is reimbursed?
San Diego	The City Council decides the rates to charge for-profit entities vs. non-profit organizations. There are percentages to determine how much will be reduced. There are separate contracts for the SD Chargers and Padres and they get a discount.	The City Council	They recover 100% of their OT costs for for-profit events. Special events for non-profits pay a discounted amount of the total costs.
San Francisco	Cultural events, street fairs, parades – do not get reimbursed. Athletic events, including Giants and 49ers games, marathons, filming events and road closures for private purposes, private events, funeral escorts and full security get 100% recovery. City departments (e.g. Library, utilities) also get charged for law enforcement services.	The Entertainment Commission.	100% recovery for certain events including athletic events, private events and services for other departments.
San Jose	They absorb the OT costs (no recovery) for some events such as dignitary visits. For permitted events, the City of San Jose provides city services on a full cost recovery basis. Some Departments may require payment before the event.	The Office of Cultural Affairs	Some OT costs are recovered; the percentage varies year by year.
Tacoma	The City gets reimbursed for Tacoma Dome events. Smaller events are not reimbursed (e.g., Daffodil Parade and a couple of runs).	The City Manager and the City Council decide which events get reimbursed on a case by case basis.	The percentage recovery or reimbursement rate is unknown.

Source: Office of City Auditor benchmarking results.

Off-Duty Policing/Secondary Employment

Exhibit B10. Off-Duty Policing/Secondary Employment in Washington and Oregon Agencies

Agency	Seattle	Portland	Bellevue	Everett	Tacoma	King County Sherriff's Office
Are officers allowed to work as off-duty police? If yes, who manages/monitors the work?	The department reviews requests for off-duty police work and issues permits to those the department approves. Employers pay officers directly. SPD does not monitor the number of hours worked off-duty and does not require officers to report off-duty hours worked.	If a private entity wants to hire officers, they pay the City for the number of hours, for example 4 hours x sergeant's rate of pay, plus 4 officers X their rate of pay. There is a four hour minimum. They contract directly with the City and the officer is considered an employee of the City. The City is providing police services to the private party, but the union does all assignments of the shifts. This is called special duty.	Off duty policing is handled privately by Puget Sound Executive Security (PSES). To ensure there is no double dipping, – i.e., getting paid for off-duty work for the same hours they are paid for BPD work, each supervisor has between 5-8 people they are responsible for and the employee would be caught if they did this.	Officers are required to sign in and out of CAD. Monthly reports are reviewed to ensure staff are not working fatigue hours and fulfilling all requirements of the department.	Some off duty work is coordinated through Special Events and the special events sergeant. Individuals can also schedule and bill off-duty work directly with employers. Both methods require permission through the Chain of Command. The officer's time is monitored through Telestaff tracking. Upon reporting to the off-duty job site, the Officer will notify dispatch of the following: location, duration of shift, telephone number where the officer can be reached.	Officers are required to enter a code when working off-duty. KCSO has a code for off duty work where you enter the time and location. When you arrive, you enter an "off duty clearing code" so that there is a record of the off duty work. Off-duty work is managed by the guild; however, the Administrative Services Captain of the Technical Services Division maintains a list of authorized employers and venues. The list is reviewed annually by the Captain.
Any restrictions on Off-Duty/ Secondary Employment?	Employees shall not work in excess of 18 consecutive hours or 64 hours per week. Work includes regular shift hours, department and/or court overtime, and off-duty work.	No officer shall work special duty more than 20 hours per week. Excluded from the 20 hours is vacation, compensatory, or holiday time an officer takes off to work off-duty (therefore up to 60 hours max).	If the supervisor felt that the work was impacting their job, they can put a limit or restrictions on it.	No answer received	Off-duty work may not exceed 80hours per week combined on and off duty.	Members report for duty when directed regardless of secondary employment commitments. Officers may not work off-duty while on probation, light duty, leave of absence or sick leave.

Source: Office of City Auditor benchmarking results.

Exhibit B11. Off-Duty Policing/Secondary Employment in California Agencies

Agency	Long Beach	Oakland	Sacramento	San Diego	San Francisco	San Jose
Are officers allowed to work as off-duty police?	Officers are not allowed to work as off-duty officers within the City of Long Beach because according to a police official, “there is an inherent conflict of interest when you provide security at a facility that is also policed by that jurisdiction.”	Officers are prohibited from working off-duty if it would require using their uniforms, equipment, etc. The policy does not include provisions for monitoring	Officers are allowed to work off duty through a supplemental employment program administered through the City. SPD enters into agreements with each entity and invoices them for actual costs incurred. Management of the program is handled by a unit with the police department.	Officers can be hired by private entities, but it has to be pre-approved by the Chief or a designee. Off duty work is managed by the employee’s captain. Officers are subject to discipline if they are caught working without having received approval.	Other than what is contracted through the department, no other off-duty work in a police officer function is allowed.	They have a Secondary Employment Unit that monitors and coordinates work outside of their regular 40 hour assignment. The City also has an outside work permit policy in place.
Any restrictions on Off-Duty/ Secondary Employment?	Long Beach does not allow off-duty policing within the City. However, collateral employment (outside the City or non-police work) should not exceed 20 hours per week and that it should not impact your ability to perform your duties. It is not tracked.	Restrictions largely prohibit off-duty police work.	No more than 16 consecutive total hours of combined regular shift, supplemental off-duty assignment, and backfill overtime are allowed, limited to no more than 20 hours per week (except while on vacation or other approved time off). Employees shall not sign up for a supplemental police employment assignment if it will not allow for an eight-hour rest period before the start of that employee’s regularly scheduled assignment.	Off duty officers do not wear SDPD uniforms; and there are a maximum number of hours they can work. Officers can work as armed security, but they cannot wear SDPD uniforms and they must use a department-approved weapon. These weapons are not provided by the department.	N/A	Officers shall not work in excess of 30 hours of secondary employments assignments in one week. During a week where the member uses comp time, holiday time or vacation, the member may increase the amount of secondary employment hours by the amount of that time taken. Officers shall not work in excess of 16 hours in a 24 hour period including regular shift plus a secondary employment assignment.

Source: Office of City Auditor benchmarking results.

Use of Civilians in Background Checks and Police Training

Seattle uses sworn personnel to conduct background checks for sworn positions. Half the police agencies we surveyed use a combination of sworn personnel, retired sworn officers, and/or contract for background checks. Most of Seattle police training is conducted by sworn personnel. Several of the 11 police agencies we surveyed use a combination of sworn personnel and other sources for police training.

Exhibit B12. Use of Civilians for Background Checks and Training

Agency	Background Checks for Sworn Positions	Police Training Providers
Seattle	Sworn	Primarily sworn, limited use of outside entities
Bellevue	Sworn	Sworn
Everett	Sworn and contractors	Sworn, consultants, and other outside entities
King County	Sworn	No response provided
Long Beach	Retired sworn	Sworn and subject matter experts
Oakland	Sworn and retired sworn	Sworn and subject matter experts
Portland	Sworn and retired sworn	Sworn, consultants, subject matter experts, and other federal, state, and local agencies
Sacramento	Sworn	Sworn, retired sworn, and consultants
San Diego	Sworn	Sworn and retired sworn. Civilian instructors are used for First Aid, CPR, etc.
San Francisco	Retired Sworn for sworn candidates; outsourced to a consulting firm for civilian candidates.	Sworn, retired sworn, outside consultants, and officers on OT
San Jose	Sworn and retired sworn	Sworn, consultants, subject matter experts, and other outside entities
Tacoma	Sworn	Sworn

Source: Office of City Auditor benchmarking results.

Police Agency Thresholds for Work Hours

Exhibit B13. Police Agency Thresholds for Work Hours

Agency	Daily Cap	Weekly Cap	Annual Cap	Comments/Other Restrictions
Seattle	18 hours	64 hours		Cap applies to regular, overtime, and law enforcement off-duty employment. However, SPD does not track off-duty hours; therefore caps are not enforced.
Long Beach		20 hours		Cap applies to collateral (secondary employment). Off-duty police work is prohibited within the City of Long Beach.
Portland		20 hours		Cap applies to special duty work; up to 60 hours of overtime per week is allowed if vacation, holiday, or comp time is taken.
Sacramento	16 hours			Cap applies to regular, overtime, and off duty hours. Off-duty officers assigned to City-sponsored events may work up to 12 hours within a 28-day work period.
San Francisco	14 hours	72 hours	520 hours	Cap applies to regular and overtime hours. Law enforcement off-duty employment is not permitted.
San Jose	16 hours	70 hours		Cap applies to regular and some overtime hours. It does not apply to court and mandatory overtime. Secondary employment hours are limited to the amount of holiday, vacation, or comp time hours taken.
Tacoma		80 hours		Cap applies to regular, overtime, and off-duty hours.

Source: Office of City Auditor benchmarking results.

APPENDIX C


Seattle Police Department Response to the Audit Report



March 15, 2016

MEMORANDUM

To: David Jones, City Auditor
Robin Howe, Auditor-In-Charge
Cindy Drake, Deputy City Auditor
Virginia Garcia, Assistant City Auditor
Megumi Sumitani, Assistant City Auditor

From: Brian Maxey, Chief Operating Officer 
Seattle Police Department

Subject: SPD Response to Audit of Seattle Police Department's Overtime

Thank you for providing an opportunity to review and respond to the Seattle Police Department (SPD) Overtime Controls Audit report—we greatly appreciate the work done by the City Auditor's Office. This audit of SPD's overtime use and process took place at the request of Chief O'Toole, who recognized that there were areas where the SPD needed to make positive changes to manage overtime use—as such, the results are not unexpected. The Chief's request for a complete audit reflects the department's commitment to assessing and fixing its overtime processes and use, and is part of a complete Departmental overhaul of best management practices. While the audit and this letter focus on overtime control and budgeting, such efforts can only be successful if combined with better practices in other areas, such as controls on spending and travel and training, and a "truing up" of departmental assignments with the budget. All of these efforts will take time and will require cultural changes, but the Department is committed to achieving best business practices throughout the organization.

As this memo indicates, we have not been passive—since your initial briefings in 2015 we have been proactively implementing changes throughout the department. As a result, since July 2015 there were steady reductions in monthly overtime resulting in the lowest overtime usage in November and December 2015 in years. Through overtime reduction efforts, other expenditure controls and salary savings, SPD was able to let \$2.9M lapse back to the General Fund at the end of 2015. Changes in our overtime expenditures were the direct result of hard work, close monitoring, and conscious choices about how the department utilized this important resource. However, much more work needs to be done. Going forward, as our new policy comes on line, new technologies allow us to monitor and make choices in real time, and new sources of information allow supervisors and managers to make corrections before using overtime, we will be in both a better position to responsibly manage and control overtime and to demonstrate what the appropriate level of SPD overtime funding should be annually.

The audit outlines six key areas where there are opportunities for positive change in the SPD's use of overtime, the amount of overtime it has available, controls over its use, and how special events overtime is managed by the department. Many of the audit's findings and observations were also identified by the

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department and changes have already been implemented or are in the works. These recommendations provide an excellent roadmap for the department's continuing effort to ensure that overtime is used only when necessary to provide the required police services to the City of Seattle. The department is moving quickly to implement changes in its policies, processes, and review of overtime. The following sections touch on the audit's findings areas and highlight the changes that have taken place and the efforts that are underway.

Overtime Policies and Procedures

The findings accurately note that there are deficiencies in the department's current overtime policy. The current policy does not clearly detail the need to minimize overtime, for employees to obtain pre-authorization for overtime work, and for supervisors and managers to consistently, thoroughly, and uniformly review overtime at the unit and individual levels. As part of the audit recommendations review process SPD made changes to the overtime expenditure information it sent to supervisors. However, the department's current processes and technology reviews employees' use of overtime retrospectively, making it difficult to enforce its existing weekly overtime hour's threshold until after the hours are actually worked by the employee.

To resolve this issue, the department is creating a new overtime policy. The new policy builds on the examples of several jurisdictions examined as part of the audit. It details the department's commitment to mitigate overtime use, requires pre-approval for all overtime, outlines the documentation process, and contains detailed supervisor and manager review and analysis procedures. A draft policy is currently in the final review process and is expected to take effect in the second quarter of 2016. These will come with supervisor and manager training focused on approval decisions, documentation, and review of overtime. Once the department begins using a new scheduling and timekeeping application (Kronos Workforce Telestaff – discussed in a later section) supervisors will have immediate access to current overtime reports and see where their employees are scheduled to work future overtime. The request and approval process will be automated and provide an efficient way for supervisors to monitor overtime utilization by their respective personnel.

Overtime Budget

The overtime audit states that the SPD needs a more realistic overtime budget. Since 1994, the department has operated within its allotted overtime only once. As demands on the department for services beyond normal law enforcement operations have increased in recent years, overages have gone up. Putting the recommendations of this audit into practice will ensure that the department is mindful in how it is using and accounting for overtime, while continuing to respond to the increasing demand for police services.

The SPD is determined to work with the City Budget Office (CBO) to establish a proper overtime budget for the department. The current figure represents incremental changes over time and is not pegged to any specific analytical framework. The department will resolve this issue by creating a "zero-based" overtime budget for the SPD. Chief Financial Officer Mark Baird is leading this effort, which should be presented by second quarter 2016, with the goal of having an overtime amount that is rooted in sound principles and represents the actual workload of the department to submit during the next budget process. The current staffing and allocation work being done is also a key element of this process – as it informs the staffing resources necessary to provide the desired amount of police services in Seattle. This will create an overtime budget that is grounded in the realities of the department's present-day workload and establish a procedure for creating the annual overtime budget for the department to submit in future years.

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Operational Controls for Overtime Processes

The City Auditor found that the SPD could benefit from increased overtime controls and processes; specifically, an improved automated staffing scheduling and timekeeping system. Many of the comparable cities discussed in the report used and benefited from such systems. The SPD agrees and has begun the process of purchasing and implementing such a system, beginning with a rollout of Kronos Workforce TeleStaff (Kronos). This rollout will begin shortly with the department's Communications Center and will continue to the rest of the department. The preliminary work has begun and a project manager is putting together the details of the configuration and roll out process. The implementation of Kronos will include clearly defined business rules outlining mandated chain-of-command approvals and automated auditing of overtime usage. The implementation of Kronos will also benefit other management areas, such as staff scheduling and controls on secondary employment. Until this solution becomes operationalized, the department is conducting regular manual audits of overtime usage.

Overtime Management Controls

The audit found that the SPD would benefit from additional management-level reporting and monitoring of overtime. It also indicated that the department would benefit from independent (non-operational unit) analysis of overtime use.

To resolve this issue, in the summer of 2015, the Budget Section began sending managers (captains and above) bi-weekly reports on the overtime use for their respective units. On a monthly basis, managers of individual units receive reports that detail each employee's overtime for that month. Additionally, the Budget Section reviews department wide overtime use and reports on it regularly at Command Staff meetings. Additionally, budget issues will be presented and discussed at SeaStat in order to focus commanders on the role of dollars in operational efforts. The two-week lag in receiving overtime information will resolve as Kronos is deployed and the overtime information can be viewed and tracked in real-time.

Overtime for Special Events

The audit rightly identifies several challenges that the department faces in dealing with special events. The City hosts to nearly 600 special events per year, ranging from neighborhood events to commercial runs, professional sporting events, and large heritage events such as Seafair. Additionally, SPD responds to many unpermitted events that are unannounced and often require spontaneous deployment of officers on overtime. In September 2015, the City Council adopted a new ordinance that amends the Seattle Municipal Code as it pertains to special events permits and fees. The intent was to shift its special events permit fee structure from one focused on the likely number of participants to a fee for services model. While this new model allows SPD to recoup some costs, SPD will not be able to collect the complete cost of officers and may not collect any fees for certain events, such as community events. Additionally, SPD also will not collect fees for the many unpermitted events the SPD responds to each year. As such, the bulk of SPD response to special events will still need to be managed with overtime staffing.

However, SPD has been improving its management of resource deployment for special events by implementing consistent budgetary assessments of all staffing plans for special events of all sizes. All staffing plans for events are now funneled through a sergeant in the Special Operations and Planning Center (SPOC). SPD's Chief Financial Officer now participates in the department's weekly plans review meetings that assess event staffing before plans are presented to the city's Special Events Committee. Even if a small event is operationally running in a precinct or through the Traffic Unit, the staffing plan will come through this

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weekly staffing meeting. This consistent review provides a department-wide context for the planning and budgeting of every event. Assistant Chief Tarrant represents the department on the Special Events Committee and is responsible for reviewing and approving the department's staffing needs for each event.

Historically, all overtime associated with special events was allocated to SPOC, rather than the specific event. Now overtime is allocated to its own category and separated from the overtime of personnel assigned to SPOC. This change provides clarity about the basis and allocation of overtime and will allow the department to more accurately track the overtime associated with special events.

Off-Duty Police Work

The audit found that the department could benefit from more control of off-duty police work, which is an issue SPD has been actively working on. Current department policy requires employees to self-report their off-duty police work to their chain-of-command, up to the precinct or section captain. There is no easy automated system to log this information or to aggregate it with other hours worked (e.g., regular hours and overtime hours). Options currently being evaluated include bringing the scheduling of off-duty work "in-house" within the department or utilizing a single scheduler that can provide the department with necessary real-time data to ensure effective management. An IT solution, such as an add-on to the Kronos software and some staff support would be necessary if the department pursues this option. The goals of any new off-duty system include department pre-approval of the work and employer before off-duty work is performed, clear documentation of where/when/for whom an officer is working if necessary for audit purposes, ensuring that off-duty jobs do not conflict with on-duty work, and fair distribution of off-duty opportunities.

Again, the Chief is grateful to the City Auditor's Office for the comprehensive examination of the SPD's overtime use and processes as it will further the department's commitment to achieving best business practices. Thank you for the opportunity to review the draft audit report and provide comments. If you have any questions or would like any additional information on any of the department's efforts that are discussed in this memorandum, please call me at (206) 684-0764.

cc:

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APPENDIX D

Office of City Auditor Mission Statement

Our Mission:

To help the City of Seattle achieve honest, efficient management and full accountability throughout City government. We serve the public interest by providing the City Council, Mayor and City department heads with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the well-being of Seattle residents.

Background:

Seattle voters established our office by a 1991 amendment to the City Charter. The office is an independent department within the legislative branch of City government. The City Auditor reports to the City Council, and has a four-year term to ensure her/his independence in deciding what work the office should perform and reporting the results of this work. The Office of City Auditor conducts performance audits and non-audit projects covering City of Seattle programs, departments, grantees, and contracts. The City Auditor's goal is to ensure that the City of Seattle is run as effectively, efficiently, and equitably as possible in compliance with applicable laws and regulations.

How We Ensure Quality:

The office's work is performed in accordance with the Government Auditing Standards issued by the Comptroller General of the United States. These standards provide guidelines for audit planning, fieldwork, quality control systems, staff training, and reporting of results. In addition, the standards require that external auditors periodically review our office's policies, procedures, and activities to ensure that we adhere to these professional standards.