

August 2020



Office of Internal Audit

Why We Did This Audit

This audit was conducted at the request of the City's Chief Administrative and Financial Officer due to concerns over the continuing escalation of Springfield Police Department BOT payout expenditures.

What We Recommend

- The SPD update the BOT policies to reflect the SPD's current practices and to address the findings and recommendations in this report.
- The SPD determine which fields and signatures (and/or initials) should be mandatory on all overtime reports and develop compliance procedures when employees submit incomplete reports.
- The supervisor in charge of the overtime assignment complete their own individual overtime form to facilitate obtaining their own supervisor's approval.
- The SPD research electronic alternatives to the use of manual paper overtime forms.

(Continued on page 2)

Springfield Police Department Compensatory Overtime

Executive Summary

Background

Unique to sworn Springfield Police Department (SPD) employees, there is an option to either be paid directly for overtime hours worked or to defer the payment of those overtime hours by accruing the time as compensatory or "comp" time. The SPD refers to this compensatory overtime as "BOT". SPD sworn employees can use BOT hours to take paid time off or can choose instead to receive compensation for unused BOT hours upon their separation from the SPD. The maximum number of BOT hours that can be accrued is 300 (200 overtime hours * 1.5). BOT hours are paid at the employee's hourly rate at the time of the subsequent payment or separation, not at the rate that was in effect when the hours were earned. The total BOT liability per the SPD as of 12/03/2018 was \$1,219,625.69.

Objectives and Scope

The primary objectives of this audit were to:

- Evaluate current established BOT policies and procedures for compliance with applicable laws and existing contracts.
- Identify opportunities for strengthened internal controls and cost savings associated with current BOT practices.

The Office of Internal Audit conducted an analysis of the SPD's compensatory time (BOT) and overtime records for the time period of 12/3/2016 – 12/3/2018.

What We Found

- SPD process for recording BOT is manual, e.g., multiple paper forms and data derived from multiple systems are used, and prone to errors.
- SPD policies and procedures regarding BOT need to be updated.
- Some of the current BOT policies are not consistently adhered to including:
 - There are some missing and potentially incorrect signatures on departmental overtime forms.
 - All areas of the departmental overtime forms are not consistently completed.
 - Some SPD ending BOT balances exceeded 300 hours.
- There is an inherent added cost to the City in that BOT hours can be earned at a lower rate of pay and paid out later at a higher rate.
- BOT calculated in the Telestaff application does not conform to existing contracts.
- Documentation related to accrued Furlough hours was not able to be located by the SPD or City Management.

What We Recommend (continued)

- The SPD review the overtime reports for the transactions identified by the OIA and adjust the BOT balances in Telestaff.
- OT forms be electronically scanned for document preservation.
- The SPD work with City Management and software application consultants to discuss streamlining/integrating the scheduling application, overtime approval process, and the City's accounting system. It could potentially automate manual processes, reduce errors, and reduce the cost of timekeeping.
- The SPD work collaboratively with City Management to implement policies regarding the use of BOT hours prior to vacation/personal hours and the payment of BOT hours prior to retirement while still remaining in compliance with the FLSA.
- The SPD adjust BOT hours in the Telestaff application to conform to existing contracts and revise the BOT accrual accordingly.
- City Management locate the authorization for accrued Furlough hours. The hours paid out to date along with current accrued hours should be reconciled by the SPD against the original authorization to ensure compliance and accuracy.

For more information, contact Yong No at (413)784-4844 or yno@springfieldcityhall.com



INTRODUCTION

Chapter 468 of the Acts of 2008 authorizes the Director of Internal Audit to examine the records of the City and its departments to prevent and detect waste, fraud and abuse and to improve the efficiency, effectiveness and quality of public services provided in and by the City. In accordance with this legislation, all offices and employees of officers, boards, commissions, agencies and other units of City government are required to comply with requests for information or access to systems and records by the Office of Internal Audit (OIA). The following review aligns the authority and goals of the OIA with those of the City. Specifically, this audit addresses the City's values related to accountability such as integrity, fiscal responsibility and transparent practices. The audit also supports the City's strategic priorities ensuring operational excellence, fiscal health and sustainability in all divisions, departments, programs and activities.

This report is not intended to be an adverse reflection of the City or of its vendors. The intent is for City management to utilize these findings and recommendations to help in making future well-informed strategic decisions while ultimately meeting City objectives.

BACKGROUND

The Springfield Police Department's (SPD) mission is to serve the citizens of Springfield and its guests with the highest level of professionalism in order to safeguard lives and property. With honor, integrity and collaboration, the SPD's goal is to establish a safe and secure environment for our diverse community while improving the overall quality of life in the City of Springfield.¹ The SPD encompasses various divisions, bureaus, units and squads. The SPD's major programs involve three divisions: Patrol Operations/Uniform Divisions, Investigative/Strategic Impact Divisions, and Administration Divisions. Within these divisions are various sworn personnel and non-civil service/civilian personnel.

In general, when an eligible SPD employee works hours beyond their regularly scheduled shift, the employee earns overtime pay. SPD overtime is subject to a variety of rules, including those described in the federal Fair Labor Standards Act, collective bargaining agreements (if applicable)², and by departmental directives.

Unique to sworn employees, there is an option to either be paid directly for overtime hours or to defer the payment of those overtime hours by accruing the time as compensatory or "comp" time. The SPD refers to this compensatory overtime as "BOT". SPD sworn employees can use BOT hours to take paid time off or can choose instead to receive compensation for unused BOT hours upon their separation

¹ City of Springfield, MA Fiscal Year 2020 Adopted Budget, page 7-5.

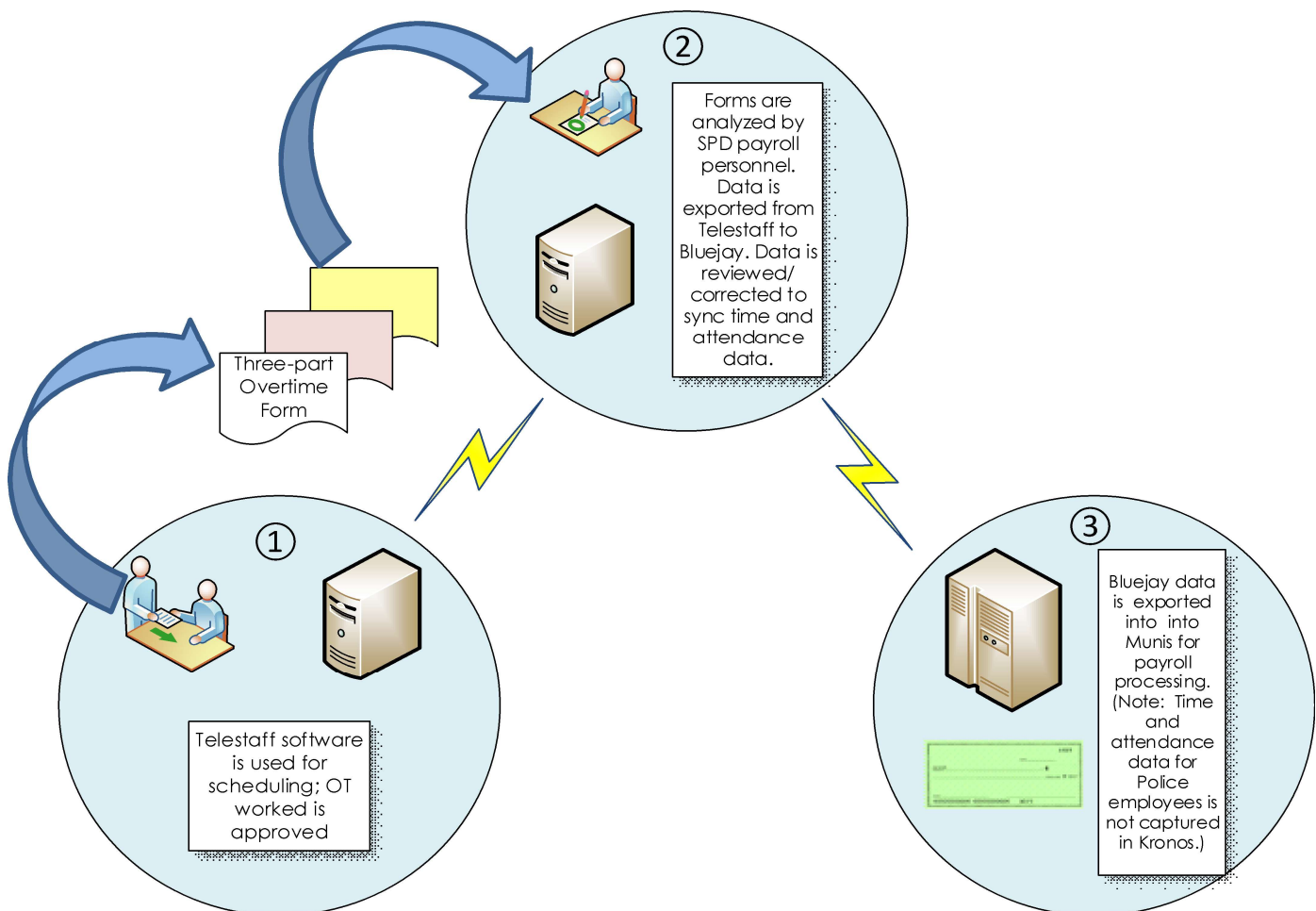
² The two applicable contracts are: (1) Arbitration Award Between the City of Springfield and the International Brotherhood of Police Officers - Local #364, and (2) Agreement between the City of Springfield and the Springfield Police Supervisors Association.



from the SPD. The maximum number of BOT hours that can be accrued is 300 (200 overtime hours * 1.5). BOT hours are paid at the employee’s hourly rate at the time of use or at the time of separation, not at the rate that was in effect when the hours were earned. The total BOT liability per the SPD as of 12/03/2018 was \$1,219,625.69.

The approval and recording process for BOT overtime utilizes paper forms along with data entry into several systems. In general, a supervisor authorizes an officer to work overtime. After the overtime work is completed, a three-part overtime form is completed. The officer initials the form and hand writes an “X” if an accrual is requested for BOT time rather than immediate payment for the overtime. A supervisor and, either the Commissioner or a Deputy Chief, sign the form approving the overtime worked. SPD payroll personnel check the information from the forms for accuracy and completeness and then manually adjust the information that is exported from the scheduling application into a payroll application. The data is then exported to the City’s accounting system where it is used to process the payroll and generate payroll checks.

SPD General Overtime and Payroll Process





OBJECTIVES, SCOPE, AND METHODOLOGY

Objectives

The primary objectives of this audit were to:

- Evaluate current established BOT policies and procedures for compliance with applicable laws and existing contracts.
- Identify opportunities for strengthened internal controls and cost savings associated with current BOT practices.

Scope

The Office of Internal Audit conducted an analysis of the SPD's compensatory time (BOT) and overtime records of twenty-five (25) judgmentally selected employees of the Springfield Police Department for the time period of 12/3/2016 – 12/3/2018.

This review was not a comprehensive review of the SPD's payroll, overtime, or BOT records.

Methodology

To accomplish our objectives, we performed the following audit procedures:

- Interviewed employees to gain a general understanding of the operational processes and procedures,
- Reviewed applicable SPD policies and procedures, SPD union contracts, and relevant state and federal laws and regulations including requirements established by the FLSA.
- Obtained and reviewed overtime forms from the SPD.
- Obtained and reviewed BOT liability balances as of 12/3/2018 as compiled by the SPD.
- Tested a judgmental sample of BOT overtime records for twenty-five (25) police employees to confirm that BOT hours were accurately calculated, allowable, and properly classified.
- Performed other tests deemed as necessary.

Our findings and related recommendations are in the following sections of the report. The Springfield Police Department was given the opportunity to respond to the findings. The departmental responses are incorporated verbatim into the report following each finding and recommendation.



FINDINGS AND RECOMMENDATIONS

Finding Number	Finding	Finding Description	Recommendation	Management Response
1.	SPD policies and procedures regarding BOT need to be updated.	The SPD currently has several orders related to BOT that are dated between 1992-2010. In the 2008 General Order, it is stated: "...a new process for BOT will be issued in the next few weeks in a supplemental order which modifies the current procedures." However, there is no evidence that a new process was implemented or documented. Although written operating procedures exist, they are outdated and many currently used procedures are not addressed. Several of the policies mention the direct involvement of a specific individual by name who is now retired from the SPD. The policies do not address the SPD's move from maintaining manual logs to the use of technology to maintain BOT hour balances. Current practices related to the categories and assignments where BOT can be earned are not addressed such as departmental overtime vs. extra detail, departmental meetings, which positions are allowed to earn BOT, etc. We also noted that the use and payout of BOT hours and situations for administrative denial ³ were not addressed in the current policy.	We recommend that the BOT policies be updated to reflect the goals and expectations of the SPD's new leadership, to ensure they are in accordance with federal and state regulations, City policies, and contractual requirements, to standardize practices between divisions, and to account for the impact to processes due to current operations and technological advancements. The updated policy should also address the findings and deficiencies noted in this report, including: <ul style="list-style-type: none"> • The circumstances under which earned BOT hours can be converted to pay, and • The process for pay-outs of earned BOT hours. 	The Department agrees with the finding and is updating its policies accordingly.
2.	Some of the current BOT policies are not consistently adhered to.			
2a.	There are some missing and potentially incorrect signatures on departmental overtime forms	SPD SO 10-217 states, "All Overtime Forms must be complete including the Description of duties section as well as the proper sign offs." [Exhibit 2-1] Currently, overtime is entered on hardcopy paper forms that require handwritten completion, reviews, and approvals. Each departmental overtime form contains three lines for a Police	We recommend that the SPD determine which signatures (or initials) should be mandatory on all overtime reports and develop compliance procedures when employees submit incomplete reports. SPD policies, procedures, and the	The Department agrees with the finding and is updating its policies accordingly.

³ An employee must be permitted to use compensatory time on the date requested unless doing so would "unduly disrupt" the operations of the agency. See the Department of Labor's Fair Labor Standards Act fact sheet at <https://www.dol.gov/whd/regs/compliance/whdfs8.htm>. An additional fact sheet is located at <https://www.dol.gov/whd/regs/compliance/whdfs7.htm>.



Finding Number	Finding	Finding Description	Recommendation	Management Response
		<p>Officer's signature, a Supervisor's signature, and the Commissioner's/Deputy Chief's signature [See example of form in Exhibit 2-2]. We noted 44% of the departmental overtime forms analyzed did not contain the signature of the Police Officer being reviewed. In some instances, the signature was missing. In most instances there were numerous employees earning overtime on the same sheet but only one of those Officers signed the form as there is only one signature line on the form. All Officers did initial the overtime hours/election to request BOT accrual; however, it is not clear from the existing policy whether initials are adequate or if a corresponding signature is also needed. It is also not clear which employee receives the "Employee Copy" of the form when there are multiple employees listed on the same form.</p> <p>We noted 42% of the forms did not have a potentially appropriate Supervisor's signature. In some instances the Supervisor approved their own overtime and other instances the signature line was blank or a same/lower ranking employee signed as the supervisor of the employee earning the overtime. It is not clear from the existing policy who may sign as a supervisor.</p> <p>We noted only two (2) instances out of 543 departmental overtime forms examined where there was not a signature from the Commissioner or Deputy Chief.</p> <p>Overtime was still paid or accrued as BOT even though some overtime forms potentially lacked the required signatures per the SPD form. The lack of required signatures creates the risk that overtime hours were not properly reviewed and/or approved by supervisory personnel. The manual process of completing and submitting forms for data entry creates the risk of inefficiency because of time consuming or duplicative tasks and the risk that incomplete overtime forms cannot be processed timely.</p>	<p>overtime form itself (if necessary) should be updated to ensure all overtime hours are properly authorized before payment.</p> <p>Although it is expedient to list all employees for an assignment on one overtime form along with the supervisor's own overtime, we recommend that the supervisor in charge of the overtime assignment complete their own individual overtime form. This would ensure their supervisor's signature is properly obtained and the supervisor of the assignment is not signing as their own supervisor.</p> <p>We recommend that the SPD research electronic alternatives to the use of manual paper overtime forms. We encourage the SPD to reach out to Telestaff support as well as to other communities that are using electronic overtime approvals.</p>	



Finding Number	Finding	Finding Description	Recommendation	Management Response
2b.	All areas of the departmental overtime forms are not consistently completed.	<p>SPD SO 10-217 [Exhibit 2-1] states, "All Overtime Forms must be complete including the Description of duties section as well as the proper sign offs."</p> <p>We noted that many of the areas of the overtime forms are not consistently completed. It is not clear from the policy or the form itself if all fields are mandatory. Examples include fields for chain of custody signatures, type of overtime, sector, and funding source [See example of form in Exhibit 2-2].</p>	<p>We recommend that the SPD determine which fields on the overtime form should be mandatory and develop compliance procedures when employees submit incomplete reports. SPD policies and procedures as well as the overtime form may need to be revised accordingly.</p> <p>Again, we recommend that the SPD research electronic alternatives to the use of manual paper overtime forms and actual signatures. We encourage the SPD to reach out to Telestaff support as well as to other communities.</p>	The Department agrees with the finding and is updating its policies accordingly.
2c.	Some SPD ending BOT balances exceeded the 300 hour maximum.	<p>SPD AO 06-274 states that "...all overtime hours worked by employees with or in excess of the 200 hours (300 hrs in recorded B.O.T. at the 1.5 per hr rate) allowed by contract shall be compensated as a regular overtime payment...The Department will pay down the accumulated B.O.T. hours to the mandated 200 hours of any employee over the contracted cap."</p> <p>Both the IBPO and Police Supervisor's contracts state that compensatory time "...will be limited to a maximum accumulation of two hundred (200) hours of overtime which shall be calculated at time and one-half for hours worked...All hours worked under this section beyond two hundred (200) hours shall be compensated in cash payment in an employee's regular payroll check."⁴</p>	<p>Processes should be documented and routinely performed to ensure compliance with SPD policies and in accordance with contractual requirements regarding the payout of the 300-hour BOT maximum cap.</p> <p>The SPD should work with Telestaff support to develop an automated process to routinely flag BOT balances that are in excess of 300 hours for analysis and subsequent payouts.</p>	The Department agrees with the findings. A new database will be instituted.

⁴ Arbitration Award Between the City of Springfield and the International Brotherhood of Police Officers - Local #364 Section 9.10 Agreement between the City of Springfield and the Springfield Police Supervisors Association Section 7.10



Finding Number	Finding	Finding Description	Recommendation	Management Response
		<p>We noted three (3) of the sampled SPD employee records had BOT balances that exceeded 300 hours per SPD documentation. In all instances the SPD stated that payouts/adjustments were reflected in Telestaff records after the analysis period which brought the balances into compliance. The potential cost to pay out the overages (based upon hourly rates noted as of 12/3/2018) was minimal at \$1,480.99.</p>		
3.	<p>We found several BOT calculation errors in our sampled data when comparing overtime paperwork and electronic data.</p>	<p>We found fourteen (14) instances where the BOT hours were potentially calculated incorrectly. Overtime forms were not provided to the OIA for three (3) of those instances because they could not be located by the SPD. The potential monetary impact for the variances found is (\$2,298.39) for decreases in hours and \$1,467.24 for the additional hours. All variances appear to be small bookkeeping errors due to mistakes made during manual processes and also due to the three missing overtime forms. The use of manual forms for data entry as well as using three (3) differing applications for scheduling and payroll creates the opportunity for human error.</p>	<p>We recommend the following:</p> <ul style="list-style-type: none"> • The SPD review the overtime reports for these transactions identified by the OIA and adjust the BOT balances in Telestaff if necessary. OT forms be electronically scanned for document preservation. • As a long term strategy, the SPD work with the City Payroll Department, City Management, and software application consultants to discuss streamlining/integrating the scheduling application, overtime approval process, and the City’s accounting system. Such an implementation could potentially automate manual processes, reduce errors, and reduce the cost of timekeeping. 	<p>The Department agrees with the finding and new systems are being researched.</p>
4.	<p>There is an inherent added cost to the City in that BOT hours</p>	<p>In general, the FLSA states that payments for accrued compensatory time may be made at any time and shall be paid at the regular rate earned by the employee at the time the</p>	<p>We suggest that the SPD work collaboratively with City Management to discuss ideas for negotiating potential future savings to the City surrounding the</p>	<p>The Department agrees with the finding and will work with the</p>



Finding Number	Finding	Finding Description	Recommendation	Management Response
	can be earned at a lower rate of pay and paid out later at a higher rate of pay.	<p>employee receives such payment.⁵ Some employees of the SPD have accumulated large or maximum BOT balances that can be elected to be paid out upon retirement rather than the employees taking time off or cashing out the amounts in the years prior to retirement. Over time, negotiated wage increases and promotions create higher income amounts that are used to pay out the BOT hours.⁶ Each promotion that an officer receives is an approximate 17% increase in salary. As a worst case example, we can look at a recent retiree in upper Management who was paid \$19,850.93 for 207.75 accrued BOT hours. The same number of hours, if paid at an entry level Officer’s hourly rate, would have been \$5,951.90.</p> <p>Between 12/3/2016 to 11/1/2019, we found that retired SPD employees in the categories of Lieutenant or above consisted of 20% of the total retirees, however, they were paid 46% of the total accrued BOT amounts. Conversely 80% of the retirees were Sergeants or Officers but the payments for accrued BOT were only 54% of the total payments.</p>	<p>payment of BOT hours prior to retirement while still remaining in compliance with the FLSA.</p> <p>In particular, we recommend that City management work with the SPD in specifying the circumstances under which earned BOT hours are to be used, e.g., use before vacation and personal days, and are paid out, e.g., prior to a change in position, separation, and retirement while still remaining in compliance with the FLSA.</p>	City to negotiate potential future savings.
5.	BOT hours tracked in the Telestaff application do not conform to existing contracts.	Per SPD staff, the Telestaff program tracks BOT hours based upon an eight (8) hour day. However, the contract for officers states that average weekly hours shall not exceed 38.5 hours which the SPD equates to 7.7 hours per day [38.5 / 5 = 7.7]. ⁷ The contract for supervisors states that average weekly hours shall not exceed 39 hours which the SPD equates to 7.8 hours per day [39 / 5 = 7.8]. ⁸ The SPD has elected to pay union officers and supervisors	SPD work with Telestaff consultants to conform the BOT hours in the Telestaff application to existing contracts and revise the BOT accrual accordingly. Also, SPD work with Telestaff consultants to migrate from Blue Jay to Telestaff to have	The Department agrees with the finding and will work with TeleStaff to see if a database is

⁵ 29 CFR § 553.27(a)

⁶ At the time of termination an employee must be paid the higher of (1) his or her final regular rate of pay or (2) the average regular rate during his or her last three years of employment for any compensatory time remaining "on the books" when termination occurs. See the Department of Labor’s Fair Labor Standards Act fact sheet at <https://www.dol.gov/whd/regs/compliance/whdfs8.htm>; also 29 CFR § 553.27(b).

⁷ Arbitration Award Between the City of Springfield and the International Brotherhood of Police Officers - Local #364 Section 8.05

⁸ Agreement between the City of Springfield and the Springfield Police Supervisors Association Section 6.02



Finding Number	Finding	Finding Description	Recommendation	Management Response
		<p>BOT hours using these average daily hours rather than at the hours recorded in Telestaff. Non-bargaining supervisors are paid using the hours recorded in Telestaff. The total liability for BOT hours provided to the City by the SPD is based upon the Telestaff eight (8) hour day increments rather than at the contractual average weekly/daily hours.</p> <p>The total liability at 12/3/18 is therefore overstated by \$39,360 based upon the adjustments for how the SPD is actually paying out the BOT hours shown in Telestaff.</p>	<p>one database to track BOT hours and activity.</p>	<p>available in their system.</p>
6.	<p>Documentation related to accrued Furlough hours was unable to be located by the SPD or City Management.</p>	<p>There are 15 (fifteen) employees included on the SPD's 12/3/2018 liability spreadsheet that are noted as having accrued "BOT Furlough Hours". These employees have 1,075 accrued hours for an approximate payout liability of \$56,619.88. Prior to that liability accrual, MUNIS data shows \$30,809.66 in payments made for check dates 7/2/2009 – 6/23/2017 for 740.36 hours of Furlough BOT. Neither the SPD nor City Management was successful in locating any documentation that explains when the Furlough hours originated, who they were applicable to, and the total estimated financial impact.</p> <p>We noted one recent instance where the Furlough hours paid exceeded the hours listed on the SPD's 12/3/2018 liability spreadsheet for a potential overpayment of \$5,594.35. We also noted 6 (six) instances where amounts were paid to retirees for BOT hours that well exceeded 300 hours. The overages were actually for Furlough hours that were erroneously miscoded in the payroll system as BOT hours. There was no monetary impact to employees for these accounting errors. The estimated total of misclassified Furlough payments is \$33,462.37.</p>	<p>We recommend that the SPD review the instances identified by the OIA and correct them if necessary.</p> <p>We recommend that the City's Human Resources Department work collaboratively with the City's Law Department and the SPD to locate the authorization for accrued Furlough hours.</p> <p>The Furlough hours paid to date (including misclassified Furlough hours to be corrected) along with current accrued hours should be reconciled by the SPD against the original authorization to ensure compliance and accuracy.</p>	<p>We agree with the findings and have worked with the City payroll department to adjust the miscoding.</p>



Exhibit 2-1

**DEPARTMENTAL AND INTER-DEPARTMENTAL
CORRESPONDENCE**

City of Springfield

SO:	10- 217	DATE: 10-12-10
TO:	ALL COMMANDING OFFICERS	
CC:	DEPUTY CHIEF KEVIN DUDLEY DEPUTY CHIEF WILLIAM COCHRANE DEPUTY CHIEF ROBERT MCFARLIN DEPUTY CHIEF JOHN BARBIERI LYNN VEDOVELLI	
SUBJECT:	REQUESTS FOR EARNED BOT	

All requests for earned BOT must be reported on the Springfield Police Department Overtime Form by checking the box marked BOT, located in the last column labeled Check to Request. All Overtime Forms must be complete including the Description of Duties section as well as the proper sign offs. All forms must be submitted to payroll, using the proper drop off box located in records.

William J. Fitchet
Police Commissioner

WJF/rt



Exhibit 2-2

Entries on form have been redacted.

**SPRINGFIELD POLICE DEPARTMENT
OVERTIME FORM**

Initial Received _____ *Type of Overtime*

Employee _____ Direct Order

Fiscal _____ Emergency

Payroll _____ Planned Deployment

Authorized Assignment by: _____ Date: _____

Date	Employee #	Name	Normal Assignment	From	To	Total # of Hours	Officer Int.	Check to Request
								BOT <input checked="" type="checkbox"/>
								BOT <input type="checkbox"/>
								BOT <input checked="" type="checkbox"/>
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SECTOR: Sector A Sector E Sector I FUNDING: PLEASE LIST FUNDING SOURCE

Sector B Sector F City Wide Grant

Sector C Sector G HQ Task Force

Sector D Sector H Other

Description of Duties: _____

Police Officer Signature _____ Employee # _____

Supervisor Signature _____ Employee # _____

Commissioner/ Deputy Chief Signature _____

WHITE - PAYROLL COPY YELLOW - EMPLOYEE COPY PINK - COMMISSIONER'S COPY