



**ANNE ARUNDEL COUNTY
OFFICE OF THE COUNTY AUDITOR**

November 20, 2014

The Honorable Members of the County Council
The Honorable County Executive Laura A. Neuman
Police Chief Kevin Davis
44 Calvert Street
Annapolis Maryland 21401

Dear Members, Ms. Neuman, and Chief Davis:

In accordance with §311 of the County Charter, I am calling to your attention and taking exception to the improper procedures noted in this report.

We conducted a performance audit of the internal controls over the processing of overtime pay by the Police Department for represented officers. Our audit was conducted in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States. Those standards require us to 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 we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The purpose of our audit was to determine whether the Police Department has adequate internal controls to ensure that overtime worked by and paid to represented officers is approved and paid in accordance with the department's rules and regulations and the bargaining agreements between the unions representing the officers.

To conduct our audit, we interviewed Police Department employees and reviewed various documents, including union agreements, department rules and regulations, and payroll records. The scope of our audit was limited to overtime worked by Police Officers, Police Officers First Class, Police Corporals, Police Sergeants, and Police Lieutenants in calendar year 2013.

This report, which includes management's response to our findings and recommendations, is intended solely for the use of the County Council and management of Anne Arundel County. However, this report is a public document that may be obtained from the Office of the County Auditor.

BACKGROUND

A represented officer is eligible for overtime pay at 1.5 times his or her regular rate of pay for all hours worked in excess of a regularly scheduled work day. Additionally, the County is required to compensate represented officers for a minimum number of overtime hours under certain circumstances, such as court appearances on scheduled days off or hours worked that are not contiguous to an employee's work schedule.

The Police Department has increasingly relied on overtime to meet its staffing needs, primarily due to staffing shortages and to the opening of the Maryland Live casino at Arundel Mills in June 2012. In fiscal year 2009, overtime pay of \$4.1 million represented approximately 4% of the department's total expenditures and 5% of its personal services expenditures. By fiscal year 2014, overtime pay of \$6.9 million represented approximately 6% of the department's total expenditures and 7% of its personal services expenditures. Also, from calendar year 2012 to

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calendar year 2013, overtime hours for represented officers below the rank of Lieutenant increased by 28%, from 62,000 hours to 79,200 hours.

CRITERIA AND PROCEDURES

The Police Department's "Overtime Pay, Compensatory Leave, & On-Call Pay" policy adopted January 16, 2013 requires:

- a supervisory employee to approve overtime in advance.
- the officer to sign a compensation form ("overtime slip"), listing the overtime code and explanation for the overtime.
- a court official to certify an officer's court attendance if the overtime was worked for a court appearance.
- the officer's supervisor, the Shift Commander, and the District/Division Commander to sign and approve the form.

In our testwork we obtained a list of all represented officers who were paid overtime in calendar year 2013. We selected 25 officers and two pay periods for each to determine whether (1) the department complied with the criteria listed above; (2) officers were paid the overtime minimums set forth in the union agreements; and (3) the hours on the overtime slips agreed to the hours recorded in the payroll system. During 2013 these 25 officers collectively worked 15,092 hours of overtime for which they earned \$822,000.

We noted that the overtime slips have three lines to document the supervisors' approvals. However, one supervisor often acts in a dual capacity; for example, when a Lieutenant is also the acting Captain on a shift. Therefore, in our testwork, we took exception only if the overtime slip had fewer than two independent supervisors' signatures.

FINDINGS

We requested the 332 overtime slips that document the overtime hours selected in our sample. We found:

- The department was unable to locate five overtime slips supporting 22 overtime hours.
- 250 overtime slips were not approved in advance by a supervisor.
- 23 overtime slips were approved using a signature stamp, not an original signature.
- 7 overtime slips for 27.5 hours that were not approved by any supervisor. The officer who submitted the slips signed all three approval signature lines.
- 48 slips were approved by only one supervisor.

For the 327 overtime slips the department was able to provide, we found the officers were paid the minimum amounts of overtime set forth in the union agreements for certain assignments, such as court appearances, and that all overtime for court appearances was certified by a court official. We also found that the overtime recorded on the overtime slips agreed to the hours recorded in the payroll system.

RECOMMENDATIONS

We recommend that the department comply with its policy of approving overtime in advance. Further, only original signatures should be accepted as evidence of approval, not signature stamps.

Under no circumstance should officers approve their own overtime slips. The department should strive to obtain three supervisory approvals unless a supervisor is also serving in an acting capacity at a higher rank during a shift, in which case the department should obtain, at a minimum, two independent approvals.

POLICY CONSIDERATIONS

Use of Compensatory Leave

The union agreement covering the classifications of Police Officer, Police Officer First Class, and Police Corporal permits an officer to take compensatory leave with at least seven days' notice. If the appropriate notice is given, the department must approve the request even if the officer's use of leave reduces staffing below minimum levels and requires the department to cover the shift by paying another officer overtime.

We noted that this practice is prohibited when an officer requests the use of annual leave; i.e., the department may deny an officer's request for annual leave if the department would have to pay overtime to another officer to meet minimum staffing levels. We recommend that this same requirement be extended to the use of compensatory leave when the Administration negotiates with the union for the next contract.

Overtime Hours

During our audit we noted that a number of officers routinely work more than 12 hours a day, and some work as many as 20 hours in a day. For example, one officer worked 87 hours of overtime in 10 days, ranging from 3-14 hours each day, and during one 24-hour period, he worked 22 hours (3 hours for school bus enforcement, 8 hours for his regular shift, a 2-hour break, and a 10-hour overtime shift at Arundel Mills).

The County has not established a policy that limits the number of hours that can be worked in a 24-hour period or during a pay period. Rather, it is left to the discretion of an officer's supervisor to determine whether an officer is fit for duty.

We are concerned that working excessive overtime hours may effect the health, safety, and performance of officers working in a highly stressful environment with significant responsibilities. Accordingly, we recommend that the Police Department consider implementing a policy that limits the number of hours that can be worked during a 24-hour period, during one shift, and during one pay period. The policy should outline the circumstances under which overtime in excess of the policy limits may be granted in the event of a critical situation.

MANAGEMENT'S RESPONSE

Management generally agrees with the findings of this report and agrees to review the policies and practices related to the use of compensatory leave and overtime hours. With respect to the use of compensatory time, management will communicate to the union the recommendations of the auditor in the next contract negotiations. The Police Department will continue to adhere to the adopted "Overtime Pay, Compensatory Leave & On-Call Pay" policy.

We thank the Police Department for their courteous cooperation. Please call me at (410) 222-1138 if you have any questions regarding our findings and recommendations.

Sincerely,



Teresa Sutherland, CPA
County Auditor