



POLICE OVERTIME:

Most recommendations implemented,
but more could be done

A REPORT FROM THE CITY AUDITOR
February 2008



Office of the City Auditor
Portland, Oregon



CITY OF
PORTLAND, OREGON

OFFICE OF THE CITY AUDITOR
Audit Services Division

Gary Blackmer, City Auditor
Drummond Kahn, Director of Audit Services
1221 S.W. 4th Avenue, Room 310
Portland, Oregon 97204

(503) 823-4005 FAX (503) 823-4459
www.portlandonline.com/auditor/auditservices

February 15, 2008

TO: Tom Potter, Mayor
Sam Adams, Commissioner
Randy Leonard, Commissioner
Dan Saltzman, Commissioner
Erik Sten, Commissioner
Rosanne Sizer, Chief of Police

SUBJECT: *Audit – Police Overtime: Most recommendations implemented, but more could be done* (Report #361)

Attached is Report #361 containing the results of our audit of police overtime. Mayor Potter, Police Chief Sizer, and managers within the Portland Police Bureau have reviewed report drafts, and we have included their written responses at the back of this report.

We make several recommendations in the report, and as a result we ask the Police Chief, through the Mayor's Office, to provide a status report on implementation of those recommendations within one year.

We appreciate the cooperation and assistance we received from Portland Police Bureau personnel as we conducted this audit.


GARY BLACKMER
City Auditor

Audit Team: Drummond Kahn
Ken Gavette
Kristine Adams-Wannberg
Martha Prinz

Attachment

POLICE OVERTIME:

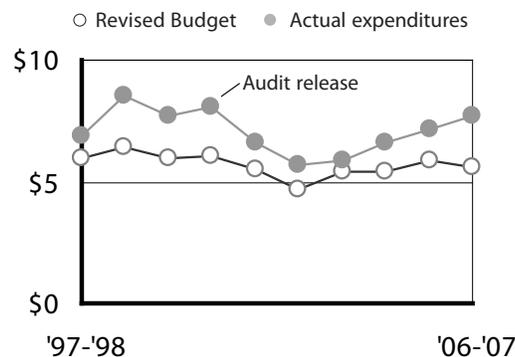
Most recommendations implemented,
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Background

In 2000, the Auditor's Office published an audit report on the Portland Police Bureau's use of overtime, *Portland Police Bureau: A Review of Overtime Management Systems*, November, 2000. Overtime expenses were increasing, with the Bureau consistently spending more than its overtime budget on a variety of activities, often by as much as \$2 million. We made several recommendations to help the Bureau control its use of overtime.

In the two years following the release of our audit, overtime expenditures declined by about 30 percent. Since 2003, however, actual expenditures for overtime, as well as the gap between budget and actual expenditures, have increased. The Bureau has generally covered that difference with savings from personnel vacancies. Figure 1 shows the relationship of the Bureau's discretionary overtime budget to its actual expenditures.

Figure 1 **Portland Police Bureau discretionary overtime**
(in millions, adjusted for inflation)



Source: Portland Police Bureau Overtime Management System

Our prior audit noted that, according to available literature, a certain amount of overtime is unavoidable in police work. Overtime charges cannot be eliminated completely because of inevitable court appearances, shift extensions, and unpredictable events. In addition, we found:

- Most other police agencies spend less than 6 percent of their total budget on overtime. According to the Office of Management and Finance, the Police Bureau is generally below that.
- Even though the Bureau stays within its total personnel budget, excessive overtime can result in officer exhaustion, lower morale, and an expectation of overtime pay.
- Overtime is generally more expensive than regular pay and results in less police work.

Our earlier audit found opportunities for improvement in four major areas:

- Internal controls
- Patrol Officer availability
- Limiting accrual of compensatory time
- Recovery of special event costs

For this report, we revisited the Bureau's management of overtime spending as part of the City's annual budget process. Specifically, we reviewed the Bureau's process in implementing our recommendations.

Objectives, scope and methodology

To accomplish this objective, we reviewed Bureau documents, including Bureau audit responses, annual budgets, work plans, performance reports, internal memos, and the Bureau's Manual of Policy and Procedure. In addition, we reviewed internal reports on staffing, overtime management, and spending. We also reviewed current labor agreements, court rulings, and City Code and administrative regulations governing special events.

We conducted a review of overtime variance reports to determine the extent to which overtime management reports are collected from Bureau supervisors and used for decision-making.

We interviewed Police Bureau staff, including senior managers and precinct supervisors, and Revenue Bureau staff in charge of special events.

We compared current Bureau efforts to control overtime to those we recommended in the 2000 audit. We realize that over several years, circumstances may have changed the relevancy and practicality of prior recommendations. Thus, we did not attempt to verify that each recommendation was implemented exactly as written. Rather, we sought to assess whether the Bureau has made progress toward implementing the spirit, if not the letter, of the recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

Summary

We found the Bureau has taken significant steps to improve management of overtime since our last audit. Specifically:

- Many audit recommendations have been implemented.
- Additional management initiatives have been taken to address overtime issues.
- Further improvements could be made by more fully implementing prior audit recommendations and those made in this report (page 11).
- "Personnel shortage" continues to be the largest category of overtime spending and needs to be addressed.

Internal controls

Good internal controls are necessary to ensure public resources are safeguarded against waste, fraud and abuse. Examples of good internal controls are proper authorizations for overtime, accurate payments for time worked, verification processes, good management reports, and a strong statement of ethical values and commitment to reducing overtime.

Our prior report found a generally strong authorization process, segregation of duties, accurate payment calculations, and good data collection. However, we found that timekeeping policies and procedures were out of date and did not reflect major timekeeping and labor contract changes, that there was inconsistent communication of policies and procedures among payroll staff and to operations personnel, and that management reports were not very useful.

In our 2000 audit, we recommended:

- An updated basic statement on overtime timekeeping that clarifies rules, emphasizes the importance of controlling overtime usage and is readily accessible to employees.
- Improved communication of policies and procedures among payroll staff and with Operations personnel.
- Improvement to the overtime database to generate more useful reports and also better reflect periodic adjustments made in the City's financial system.

In the current audit, we found:

- Overtime policies were revised and updated in 2001, 2002 and 2003 and are available in guidebook format for all employees.

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- More restrictive practices have been enacted for overtime approval, including prior approval for late report-writing and discretionary overtime use in general, and for court overtime.
 - A Lead Accountant was hired to help train and communicate timekeeping policies and procedures to payroll accountants and to other Bureau managers.
 - Improved overtime reporting was implemented in the form of the Overtime Management System. For example, the Chief's Overtime Report shows each Division's overtime spending as compared to budget. Supervisors must explain overtime use when they exceed 5 percent of their Accounting Period budget. They also must present a plan to get back into alignment with the budget during the remainder of the fiscal year.

However, we found several areas that could use additional attention:

- The Manual of Policy and Procedure (MPP) lacks a strong statement on the need to control overtime.
- In general, interviews with Bureau staff showed a resigned sense that personnel shortages will continue to have an impact on the need for overtime as long as the Bureau is less than full strength.
- Written communications to Bureau managers from the Chief stressing the need to control overtime are rare. Although Branch Chiefs developed overtime reduction strategies with their respective staffs in 2006, according to the Bureau, the most recent overtime policy memo from the Chief to managers was written in 2002.
- Variance reports have not been submitted consistently. In addition, explanations are sometimes vague (i.e., they seem *pro forma*) or are missing altogether. Few supervisor reports included plans for how to get back on track.

Patrol Officer availability

Our prior audit found that “personnel shortage” (i.e., need to cover minimum staffing requirements) was a significant component of overtime spending (\$1.6 million in FY 1999-00). According to Bureau reports, personnel shortage is the largest single category of overtime at about \$2 million in FY 2006-07.

In 2000, we found that the availability of officers for patrol duties was affected by:

- Trained officers being used in various Bureau positions where civilians might be equally or better qualified, and more cost effective.
- Some precinct shifts which had more officers than minimum staffing requirements, while adjacent precincts had less. The result was that precincts with less than the minimum needed to ask officers to work extended shifts or come into work, while adjacent precincts had more officers than needed.
- Specialized units used many potential Patrol Officers (we estimated 182 at the time), but lacked good management information to track performance and support staffing and strategy decisions.

In our 2000 audit, we recommended:

- The Bureau pursue opportunities to free officers for policing duties by adopting a civilianization policy and beginning a review of specific opportunities to employ civilians.
- The Bureau encourage precinct supervisors to share officers on a short term basis with other precincts when appropriate.
- The Bureau mandate that all specialized units develop performance measures in order to review the continued need for special unit assignments.

The Bureau has taken steps to improve officer availability in several areas:

- The Bureau has made good progress in adding civilians, particularly in key positions such as Human Resources Manager and Fleet Coordinator.
- Instead of sharing officers on a whole-shift basis, supervisors ask for short-term help from adjacent precincts to cover calls when they get very busy.
- The Bureau tracks the actual number of officers available to each precinct and rebalances assignments each month based on call volume. The goal is to maintain each precinct's staffing to within 1 percent of targets based on the total number of officers available.
- The North and Northeast Precincts have been combined during certain shifts to more efficiently use officers and supervisors.
- The Bureau is purchasing a telecommunications product that allows officers to enter their availability for overtime and be automatically notified when needed. It can be programmed to follow labor rules and policy guidelines so that only officers meeting certain criteria are notified
- The number of officers assigned to non-patrol, special units has decreased.

Two items from our previous audit still need to be addressed.

- The Bureau has not adopted a civilianization policy. A formal policy will ensure that the momentum toward greater civilianization continues. A good policy will also clarify what types of positions should be considered for civilianization and will spell out the Bureau's commitment to, and procedures for, civilianization.
- Although we estimate the number of officers assigned to specialized, non-patrol units has decreased in recent years, the Bureau has also discontinued work on performance

measures for these units. Performance measures are important for any organization, even those as small as some of the specialized policing units. Performance measures help managers determine a unit's effectiveness and, importantly, when goals have been achieved and officers may be released to other duties.

Use and accrual of compensatory time

Compensatory time accrual can become a significant liability for the Bureau. Our prior audit found that compensatory time was decreasing, but was still at \$1.7 million. Our current audit found accrual trends continuing downward, but at 44,872 hours as of November, 2007, still represented a sizable liability of \$1.4 million. Compensatory time generally results in less policing because it is not an hour-for-hour trade for time worked. It is accrued at 1.5 hours for each hour worked. In addition, the type of work for which overtime is used (for instance, a festival or parade) might not be as important as regular patrol duties that may later be missed.

In our 2000 audit, we found that labor contracts allowed more costly options than necessary with regard to accumulating and compensating officers for compensatory time. For example, labor contracts allowed earning comp time on grant-funded activities, and stipulated that comp time could be taken off at the accumulated rate of 1.5 times the hours actually worked (instead of being paid for the time). These conditions can be negotiated in labor union contract talks.

In our 2000 audit, we recommended:

- Labor contracts not allow earning compensatory time on grant-funded projects.
- Labor contracts stipulate that compensatory time be taken on an hour-for-hour basis with the extra half taken in cash payment.
- City Human Resources and Attorney fast track review of a labor decision allowing governments to mandate that compensatory time be used within a certain time period.

In our current audit work, we found:

- The City's contract with the police union now includes a provision to not provide compensatory time for grant-related activities. Grant-funded overtime must be paid in cash.
- The City Attorney has provided helpful guidance to the Bureau on relevant court cases dealing with the use of compensatory time.
- The City's contract with the police union has not been amended to stipulate that compensatory time be taken on an hour-for-hour basis, with the extra half hour taken as pay. The Bureau has indicated this may be done in future contract negotiations.

Revenue recovery from special events

Our prior report found that the majority of special events were covered on overtime, rather than straight time, and that overtime expenditures related to community festivals, parades, fun runs, etc., represented about 6 percent to 10 percent of all overtime expenditures. At that time, the Bureau only recovered about 4 percent of these costs. The Revenue Bureau is responsible for setting fees for these special events.

In our 2000 audit, we recommended:

- The Mayor's Office ask the City Council to direct the Bureau of Licenses to review its fee policy for recovering costs from special events and community festivals.

In our current audit work we found that, although Bureau costs are hard to estimate, it is clear that fees still do not come close to recovering the full costs of special events. For example, in Calendar Year 2006, the Traffic Division spent \$363,000 in overtime for special events, while in FY 2006-07 they recovered only \$48,000. One specific example of an event is the annual Bridge Pedal, which cost the Traffic Division \$22,312 in FY 2006-07. According to the current rate schedule, the Bureau is set to receive only \$1,195. This is the largest fee the Bureau can recover from any special event.

The number of events seem to be increasing, according to Bureau staff. The Revenue Bureau reports there were 119 permitted special events in 2007, up from 96 events in 2006, and 103 in 2005. These do not include other events such as dignitary escorts, or events where police services are requested.

A Police Bureau proposal for a three-year phased-in cost recovery has not been acted upon, but representatives from the Revenue Bureau said they will be leading a multi-bureau focus group on this issue.

Recommendations

In order to build on current Bureau initiatives to control overtime use, we recommend the Mayor direct the Police Bureau to:

1. Strengthen language in the Manual of Policy and Procedure (MPP) concerning the need to control overtime, and consider adding strategies from the Work Plan to the MPP.
2. Regularly reiterate a commitment to controlling overtime, along with suggested overtime reduction strategies.
3. Clarify the need for, and use of, the variance reports.
4. Monitor the implementation of the new accounting system to insure integrity of timekeeping information.
5. Adopt a civilianization policy such as the International Association of Chiefs of Police model policy.
6. Proceed with efforts to develop reliable, relevant, performance measures for specialized units.
7. Seek to amend labor contract to stipulate that compensatory time be taken on an hour-for-hour basis, with the extra half hour taken as pay.

We recommend to the Mayor's Office:

8. Bring forth proposals to recover special event costs for City Council consideration.

RESPONSES TO THE AUDIT



Office of Mayor Tom Potter
City of Portland

MEMORANDUM

Date: January 31, 2008

To: Gary Blackmer, City Auditor

From: Tom Potter, Mayor 

CC: Commissioner Sam Adams
Commissioner Leonard
Commissioner Saltzman
Commissioner Sten
Chief Rosie Sizer

RE: Response to Police Use of Overtime Audit

I would like to thank Auditor Blackmer for his work on the report to assess the progress of the Portland Police Bureau in implementing the recommendations of the November, 2000 Use of Overtime audit. The recommendations have helped the Bureau to improve its management of its overtime budget and the monitoring of overtime use.

I'd also like to thank Chief Sizer and the Portland Police Bureau leadership for their efforts to implement the recommendations. Chief Sizer has worked to make several changes in our recruitment and hiring practices. She has also worked to help ameliorate the need for overtime usage.

I am pleased at the work the Auditor and Bureau have done to increase our ability to be better stewards of the public's funds. Thank you again for your service to our city.



CITY OF PORTLAND, OREGON



Bureau of Police

Tom Potter, Mayor

Rosanne M. Sizer, Chief of Police

1111 S.W. 2nd Avenue • Portland, OR 97204 • Phone: 503-823-0000 • Fax: 503-823-0342

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February 4, 2008

Gary Blackmer
City Auditor
1221 S.W. 4th Avenue, Room 310
Portland, OR 97204

Dear Mr. Blackmer,

The recent review of the Police Bureau's overtime expenditures was a welcome opportunity to examine our systems and policies in this area. I want to thank Director Drummond Kahn, Principal Management Auditor Ken Gavette, and the review team for their thorough and fair evaluation.

It is clear from this report that much progress has been made since the audit in 2000. The Police Bureau has significantly improved internal controls and has made gains in civilianization of positions. I believe an additional key element to enhance accountability and control is to have a budget that is sufficient for actual expenditure patterns of overtime. Generally, I agree with the recommendations contained in the report, and in January I issued an updated Overtime Policy Statement which was disseminated to the entire organization. We will work in the coming months to address the additional recommendations, some of which will require bargaining with our labor unions and City Council action.

It was acknowledged in your report that overtime is unavoidable in police work due to the nature of service we provide. Despite these challenges, we are committed to managing our budget in a manner that effectively and efficiently meets the Bureau's mission and goals and the level of service the community expects.

Sincerely,

ROSANNE M. SIZER
Chief of Police

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*Police Overtime: Most recommendations implemented,
but more could be done*

Report #361, February 2008

Audit Team Members: Ken Gavette, Kristine Adams-
Wannberg, Martha Prinz

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Gary Blackmer, City Auditor
Drummond Kahn, Director of Audit Services

Other recent audit reports:

Construction Contracts: Bureau of Environmental Services strengthened its contract management procedures (#348B, February 2008)

Construction Contracts: Facilities Services needs to improve coordination with bureaus to reduce costs and delays (#348A, January 2008)

City of Portland Service Efforts and Accomplishments: 2006-07, Seventeenth Annual Report on City Government Performance (#340, December 2007)

