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Date: March 2, 2015

To: Audit, Finance and Enterprise Committee

From: Jennifer Ruttman, City Auditor

Subject: Audit of Police Off-Duty Employment Program

cc: Mayor and Council
John Pombier, Deputy City Manager
John Meza, Interim Police Chief

Pursuant to the Council-approved Audit Plan, the City Auditor's office has completed an audit of the Mesa Police Department Off-Duty Employment Program. The audit report is attached and will be presented at the next scheduled meeting of the Audit, Finance & Enterprise Committee. We wish to extend our appreciation to the MPD staff members for their professionalism and cooperation throughout the audit process.

Please feel free to contact me with any questions or concerns.

AUDIT REPORT

CITY AUDITOR

Report Date: March 2, 2015
Department: Police
Subject: Off Duty Employment Program
Lead Auditor: Karen Newman

OBJECTIVE

This audit was conducted to evaluate internal controls related to MPD's Off Duty Employment Program.

BACKGROUND

The Mesa Police Department (MPD) Off Duty Employment Program allows off duty uniformed Police Officers to provide law enforcement related services to other City departments as well as to outside employers. "Contract Off Duty" jobs are those in which police services are provided to an outside company, person, or not-for-profit entity. The compensation rate for contract jobs is \$40 per hour for a Police Officer or \$45 per hour for a Police Supervisor (required when 4 or more Officers are needed). "City Overtime Off Duty" jobs are those in which police services are provided to other City departments. Officers are compensated for City Overtime Off Duty jobs at their individual overtime rates and the cost is charged to the requesting department. If a police vehicle is required, such as for roadway construction or traffic control jobs, the vehicle usage is billed at a rate of \$5 per hour. Both Contract Off Duty and City Overtime Off Duty jobs are arranged through the MPD Hiring Unit; and all aspects of the program are administered by a Sr. Program Assistant, who serves as the Off Duty Hiring Coordinator.

In order to be eligible to participate in the Off Duty Program, an Officer must have 1) received a rating of "Successful Performance" on his/her most recent Performance Appraisal Form; 2) passed an Internal Affairs check; and 3) submitted an *approved* Annual Work Permit to the Off Duty Hiring Coordinator. To employ a Mesa Police Officer for an Off Duty job, contract employers are required to complete and sign a Temporary Employment Agreement, which lists the requirements, guidelines, and restrictions for Off Duty jobs. Employers are also required to provide proof of commercial general liability insurance and statutory workers' compensation insurance. These and other program requirements are set forth in DPM 1.2.115, Off Duty Employment Protocols. Although this policy is quite detailed and includes specific consequences for non-compliance, there has been no effective oversight or enforcement of the policy by MPD management.

SCOPE & METHODOLOGY

The audit scope included all 6,054 Off Duty jobs worked by Mesa Officers in 2013. It did not include any outside employment unrelated to law enforcement. To meet our objective, we interviewed staff members, reviewed MPD policies and procedures, analyzed data from the MPD

Off Duty Jobs database and the City's Kronos timekeeping system, and performed other tests and procedures as needed.

CONCLUSION

In our opinion, more effective internal controls are needed to provide reasonable assurance that Off Duty work is administered in accordance with MPD policies. Although the Department has detailed Off Duty Protocols in place, including specific consequences for non-compliance, there has been no effective oversight or enforcement of these Protocols. In addition to extensive non-compliance with Protocols, we found inaccurate timekeeping data entered into the City's Kronos system, and inconsistent record keeping overall. As a result, we were unable to determine with reasonable certainty that payments to Officers for Off Duty work were accurate and appropriate. Our findings are summarized below. For detailed findings and recommendations, along with responses from MPD management, please see the attached Corrective Action Plans (CAPs).

SUMMARY OF FINDINGS

CAP #1

Timekeeping data and Off Duty employment records indicate that Officers may have been paid for Off Duty work hours that overlapped with their City work hours. In some cases, a Contract Off Duty job overlapped with the beginning or end of the Officer's regular shift, and the Officer did not utilize paid leave for those hours as required by policy. In addition, many instances were found in which the Officer's Off Duty hours immediately followed or preceded their on duty hours, indicating that any time that may have been needed to travel or transition from one job to the other may have been inappropriately compensated by either the City or the outside employer. However, as a result of a 2013 MPD procedural change that eliminated automated timekeeping for Police Officers, some of these discrepancies may be attributable to inaccurate timekeeping records. We are recommending improvements to timekeeping and other record keeping processes, stricter program guidelines to prevent overlapping shifts, and independent monitoring by the MPD Inspections Unit.

CAP #2

Officers exceeded the maximum allowable number of work hours (16) in a 24-hour period, without obtaining approval as required by Department policy. We are recommending additional oversight to enforce compliance with work hour limits.

CAP #3

Documentation required by MPD Off Duty Employment Protocols has not always been completed and/or retained by staff. Examples include Temporary Employment Agreements, Off Duty Time Sheets, Patrol Vehicle Usage Forms, insurance documents, and Annual Work Permits. Each of these documents serves an important purpose and is necessary to limit the City's liability, increase billing accuracy, ensure accountability, and protect Police Officers and the public. We are recommending that controls be implemented to enforce existing documentation requirements, and that electronic solutions be employed to increase efficiency and accuracy.

CAP #1: Overlapping of Off Duty/On Duty Hours; Unreliable Timekeeping Data

Observations: Contract Off Duty work hours recorded in the Off Duty database coincided with hours recorded in the City's Kronos timekeeping system or with other records in the Off Duty database. These overlapping hours indicate that one or both of the following occurred:

- Officers were paid more than once for the same hours worked.
- Officers' work hours were not accurately recorded.

In addition, many instances were found in which the Officer's Off Duty hours immediately followed or preceded their on duty hours, indicating that any time that may have been needed to travel or transition from one job to the other may have been inappropriately compensated by either the City or the outside employer.

Comments: The MPD Off Duty Hiring Coordinator maintains a database in which she creates a record of every Off Duty job, including but not limited to the name of the employer, the Officer assigned to the job, the hours worked, billing information, and payments received. Contract Off Duty work hours are recorded only in the Off Duty database, but City Overtime Off Duty work hours are recorded in both the Off Duty database and the City's Kronos system, so that the Officer can be paid overtime for the Off Duty work hours. Data recorded in the Kronos system must be completely accurate for the Officer to be paid correctly, and because Kronos is the official "system of record" used to document all time worked by non-exempt City employees.

During the first 5 months of 2013, Officers clocked in and out of the Kronos timekeeping system to record their time worked. This practice was discontinued in June 2013, when all City time worked by sworn Police employees began being recorded in the Kronos system by timekeepers throughout the Police Department.

We compared the dates and hours worked on Contract Off Duty jobs recorded in the Off Duty database with the dates and hours worked on City jobs (both on and off duty) recorded in the Kronos system, and found overlapping time periods ranging from a few minutes to several hours. Approximately 300 of these discrepancies were found within the records we were able to test¹. The majority (77%) of the discrepancies were dated after the Officers stopped using the Kronos system to capture their actual hours worked. It is possible that some of these

¹ Much of the data could not be tested, because the timekeeping process changes made by MPD resulted in less information being captured by the Kronos system.

discrepancies are the result of inaccurate timekeeping data. However, if that is the case, the more significant concern is that such widespread timekeeping inaccuracies represent even greater risks than those that may be associated with the Off Duty discrepancies.

- Recommendation:**
- 1-1. MPD should implement more effective internal controls to ensure that Officers are not scheduled and/or paid for more than one job at a time, that Contract Off Duty employers are billed accurately, and that all hours worked (both on and off duty) are accurately recorded. To that end, we recommend the following:
 - A. Police Officers, like other non-exempt City employees, should be required to electronically capture their exact start and end times for all City work, using a time clock, computer, or other mobile device. To facilitate this, the City now has a Kronos mobile application that enables users to clock in or out in seconds, from anywhere, using a smartphone.
 - B. The MPD Off Duty Hiring Coordinator should develop an improved process to ensure that all hours worked on Off Duty jobs (both City and Contract) are accurately reflected in the Off Duty database and all Contract Off Duty employers are billed accurately.
 - C. Officers should be prohibited from accepting Off Duty assignments that overlap with their regularly scheduled work hours. Assignments that immediately follow or precede a regular work shift should only be permitted when no location change or transition time is needed.
 - 1-2. To ensure compliance with all requirements of DPM 1.2.115, Off Duty Employment Protocols, management should implement additional program oversight and continuous monitoring by the MPD Inspections Unit. This should include a formal structure for corrective action and accountability when violations are detected.

**Management
Response:**

1-1.A. Agree.

Implementation Plan:

The police department historically provided justification as to the business need to opt out of Kronos. However, as a result of this audit, and previous internal time keeping issues, the MPD has noted this as an area for improvement. The MPD agrees there is a significant need to electronically capture exact start and end times utilizing a time clock, computer or other mobile device, however, the MPD has also noted there are some instances where it may be necessary to manually input

employees' start and/or end times.

Accurate timekeeping can be vastly improved through better awareness of this issue by all sworn supervisors in addition to a random monthly compliance check. The MPD Inspections Unit can develop a random monthly inspection of those individuals and their supervisors whom work off-duty jobs. Similar inspections (to various areas of MPD) are conducted on a monthly basis by the Inspections Unit.

Individual or Position Responsible:

Inspections Unit

Estimated Completion Date: 5/1/2015

1-1.B. Agree.

Implementation Plan:

In October 2014, the off duty program system was being evaluated in an effort to improve accuracy and efficiency. As part of this evaluation, City of Mesa ITD worked with Mesa PD IT and the Off-Duty Hiring supervisors to design a web-based program, which will alleviate these inefficiencies and increase accountability and accuracy of the Off-Duty Hiring recordkeeping. This program has been scheduled as a 400 hour job by City ITD engineers and is slotted to begin development in October 2015.

Off-Duty Hiring Coordinator to ensure all Off-Duty Time Sheets are received by members not later than 72 hours after the completion of off-duty work.

The MPD Inspections Unit will conduct a random inspection on a quarterly basis to ensure all hours worked are accurately reflected.

Individual or Position Responsible:

Off-Duty Unit/MPD HR/
City ITD & Inspections Unit

Estimated Completion Date: 12/31/2015

1-1.C. Agree.

Implementation Plan:

As of October 2014, the off-duty hiring policy has been under review. As part of this review, language will be added indicating a prohibition of overlap with regularly scheduled work hours and that of off-duty work.

As well, a minimum time gap will be proposed between off-duty work hours and regular work hours. An exception will be permitted for those instances where a location change or transition time is not needed.

This policy update will be included as an inspection item on a quarterly basis by the MPD's Inspections Unit.

Individual or Position Responsible:

Off-Duty Hiring Supervisor
Inspections Unit

Estimated Completion Date: 5/1/2015

1-2. Agree.

Implementation Plan:

In addition to regular supervision of the Off Duty Hiring Coordinator, the MPD's Inspections Unit will develop monthly and quarterly inspections as an oversight mechanism for the off-duty hiring program. These inspections will ensure policies and procedures are consistent with off-duty hiring practices. The reports of these inspections will be routed to MPD Executive Staff for review.

Individual or Position Responsible:

MPD Inspections Unit

Estimated Completion Date: 5/1/2015

CAP #2: Combined Total Work Hours Exceeded the Allowable Maximum

Observations: Some Officers exceeded the maximum allowable number of work hours (16) in a 24-hour period, without obtaining approval as required by Department policy.

We identified 51 instances in 2013 when Off Duty hours combined with on duty hours exceeded the 16 hour maximum. This analysis did not include the 300 overlapping shifts identified in CAP #1 because, in those instances, the number of hours actually worked could not be definitively determined. Also, a significant number of other shifts were excluded from analysis because the specific on duty work hours were not recorded in the Kronos system after the timekeeping procedure change in June 2013.

Comments: Per DPM 1.2.115, Off Duty Employment Protocols:

"Member Requirements: ...

- *Employees shall not work more than a combined total of sixteen (16) hours of regularly scheduled duty and Off Duty work within a twenty-four (24) hour period.*
 - *Employees must have a continuous eight (8) hour rest period during each twenty-four (24) hour work period. Twenty-four (24) hour work period means a combination of off duty and on duty work.*
 - *Exceptions must be approved by the employee's Lieutenant or an on duty Lieutenant prior to working beyond the sixteen (16) hour restriction.*
 - *When exceptions are granted, the employee must have a continuous eight (8) hour rest period before returning to work."*

Recommendation: 2-1. MPD should implement controls, such as additional management oversight, to ensure that Officers working Off Duty jobs do not exceed the maximum combined number of work hours permitted by Department policy.

Management Response:

2-1. [Agree.](#)

Implementation Plan:

[Incorporate this recommendation into the monthly/quarterly inspections.](#)

[Conduct awareness education for Police Department Supervisors to monitor employees working off-duty jobs, so they are not working over the maximum allowable time between regular duty time and off-duty time.](#)

Individual or Position Responsible:

MPD Inspections Unit

Off-Duty Hiring Supervisor

Estimated Completion Date: 5/1/2015

CAP #3: Non-Compliance with Documentation Requirements

- Observations:** Forms and other documents required by the MPD Off Duty policy have not been completed, obtained, and/or retained by staff. For example:
- Temporary Employment Agreements (DPM 1.2.115F2) were not maintained or could not be located.
 - The Uniformed Off Duty Time Sheet (DPM 1.2.115F4), which is required for documenting actual Off Duty hours worked, is not being used.
 - The Patrol Vehicle Usage Form (DPM 1.2.115F5), which is required for documenting the use of a patrol vehicle on an Off Duty job, is not being used.
 - Updated insurance documents are not always obtained and/or retained as needed to ensure adequate coverage is maintained by employers.
 - Approved Annual Work Permits (DPM 1.2.115F3) are not always submitted by Officers in a timely manner.

Comments: The following are excerpts from DPM 1.2.115, Off Duty Employment Protocols:

"... *Temporary Employment Agreement:*

DPM 1.2.115F2, Temporary Employment Agreement is required from the independent company, person or not-for-profit entity requesting Off Duty officers, which includes proof of Workmen's Compensation and General Liability coverage for any COM employee being allowed to work. This form must be signed by the Contract employers and returned to the MPD prior to Department member beginning the Off-Duty job. ..."

"... *Uniformed Off Duty Employment Timesheet:*

DPM 1.2.115F4, Uniformed Off-Duty Officer Time Sheet is required after working an Off Duty job documenting time worked for an independent company, person or not-for profit entity."

"... *Use of Department Equipment:* ..."

A fully marked police vehicle may be required on specific types of Off-Duty jobs. That request shall be specified in the work order, and vehicle usage fees will cover the use of the vehicle on DPM 1.2.115F5, Off-Duty Patrol Vehicle Usage. ..."

"... *Off Duty Annual Work Permit*

Prior to working any COM Overtime Off Duty, Contract Off Duty, or Outside Employment, Department members must have completed and

submitted DPM 1.2.11F3, Annual Work Permit, approving employment eligibility.

- *DPM 1.2.11F3, Annual Work Permit must be renewed each calendar year. ...*
- *The original approved Off-Duty Annual Work Permit will be maintained by the Off-Duty Hiring Coordinator. ...”*

The documents referenced above exist for the protection of Officers, Contract Employers, the City and the public. Each of them serves an important purpose in the administration of the Off Duty Program:

- The **Temporary Employment Agreement** is critical because it specifically outlines the many rules, terms, and conditions associated with Off Duty employment, so that all parties know what to expect and what is required of them. However, there is currently no requirement that this Agreement be periodically renewed or updated.
- The **Uniformed Off Duty Time Sheet** is supposed to be used to document the actual hours worked and other information about the specific job and the Officer who worked it. It also contains specific instructions for the Officers to help ensure they are paid correctly and timely.
- The **Off Duty Patrol Vehicle Usage** form is supposed to be used to document specific information about the vehicle, as well as the time and location in which it was used for an Off Duty job. This enables the Department to bill the employer accurately for the use of the vehicle.
- The **Off Duty Annual Work Permit** is designed to ensure that only eligible Officers participate in the program.

These forms have not been recently updated and, in our opinion, they do not capture the necessary information in the most efficient way possible. If they were converted to electronic forms, the information could be captured and imported directly into the Off Duty database, which would save time and improve accuracy.

- Recommendation:**
- 3-1. MPD should implement controls to ensure that signed Temporary Employment Agreements are obtained from all Contract Off Duty employers, maintained in a retrievable manner, and retained in accordance with records retention requirements. In addition, these Agreements should be subject to renewal on a periodic basis. Lastly, Off Duty job requests should not be accepted from any employer without the required Agreement on file.

- 3-2. MPD should require that all hours worked on Off Duty jobs, and all Off Duty vehicle usage, be fully and accurately documented in accordance with Department policy. Compliance with these requirements should be actively monitored, and non-compliance should result in suspension of eligibility for Off Duty assignments.
- 3-3. MPD should implement controls to ensure that current insurance certificates are periodically obtained from employers, as needed to verify that required coverage is maintained. Off Duty job requests should not be accepted from any employer without the required insurance documents on file.
- 3-4. MPD should implement controls to ensure that only Officers with current, approved Annual Work Permits on file are permitted to work Off Duty jobs.
- 3-5. The forms required under DPM 1.2.115 should be updated to ensure they capture the necessary information in the most efficient and effective way possible, incorporating available electronic solutions.

**Management
Response:**

3-1. Agree.

Implementation Plan:

Update MPD policy to include an annual renewal process and create a tracking system to utilize by off duty hiring coordinator. This tracking system will identify when a company is nearing the annual expiration of the Temporary Employment Agreement. Once near expiration, the off-duty hiring coordinator will facilitate the renewal of the agreement with contractors. A file system will be created to ensure accessibility to the agreement.

Individual or Position Responsible:

Off-Duty Hiring Coordinator

Estimated Completion Date: 5/1/2015

3-2. Agree.

Implementation Plan:

Update policy to reflect repercussion for failing to complete required documentation (off-duty time sheet) in a timely manner including a scaled suspension for off-duty employment violations.

Implement protocols for the off-duty hiring coordinator to notify

members and members' supervisors when documentation is not completed timely and accurately.
Implement quarterly inspection as an independent compliance measure.

Individual or Position Responsible:

Off-Duty Hiring Coordinator
MPD Inspections Unit

Estimated Completion Date: 5/1/2015

3-3. Agree.

Implementation Plan:

Implement this recommendation in conjunction with recommendation 3-1.

Individual or Position Responsible:

Off-Duty Hiring Coordinator

Estimated Completion Date: 5/1/2015

3-4. Agree.

Implementation Plan:

In October 2014, the off-duty program system was being evaluated in an effort to improve accuracy and efficiency. As part of this evaluation, City of Mesa ITD worked with Mesa PD IT and the Off-Duty Hiring supervisors to design a web-based program, which will alleviate these inefficiencies and increase accountability and accuracy of the Off-Duty Hiring recordkeeping. This program has been scheduled as a 400 hour job by City ITD engineers and is slotted to begin development in October 2015.

Increased supervisory oversight off the Off-Duty Coordinator will ensure accurate and timely Annual Work Permits are on file.

As an oversight mechanism, The MPD Inspections Unit will conduct a random inspection on a quarterly basis to ensure all hours worked are accurately reflected.

Individual or Position Responsible:

City of Mesa ITD
Off-Duty Hiring Unit
MPD Inspections Unit

Estimated Completion Date: 12/31/2015

3-5. Agree.

Implementation Plan:

As of October 2014, the off-duty hiring policy has been under review. As part of this policy review, the off-duty hiring forms are being reviewed and updated where appropriate. As well, the web-based program, as discussed, will incorporate these forms into an electronic system.

Individual or Position Responsible:

Off-Duty Hiring Unit

Estimated Completion Date: 12/31/2015