Internal Audit Office
City of Shreveport

September 25, 2024

Investigative
REPORT NO. 24-03

Hotline Tip: Investigative Audit of Police Central Records Overtime

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REPORT HIGHLIGHTS: **PAGE:**

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Shreveport, LA 71101

📞 **Office:** 318-673-7900
Fraud Hotline: 318-222-5698

http://www.shreveportla.gov/1149/Fraud-Hotline

The Council
City of Shreveport

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September 25, 2024

Councilman Alan Jackson
Chairman, Shreveport City Council

Dear Councilman Jackson:

<u>Subject: Report No. 24-03 – Hotline Tip: Investigative Audit of Police Central Records Overtime</u>

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Steward

Leanis L. Steward, CPA, CIA
City Internal Auditor

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EXECUTIVE SUMMARY

Investigative Audit of Police Central Records Overtime

Why We Did This Investigative Audit

We have completed an investigative audit of improper overtime submissions. This audit was conducted due to two allegations received through our Fraud Hotline Online Submission.

What We Recommended:

- Transparently communicate the availability of overtime opportunities

- Overtime supervisor confirms with employee supervisor via email that they have obtained their 40 hours for the work week

- Overtime supervisor or 3rd party verify the work has been completed by comparing activity log via time stamps or entry into the system

- Track and analyze overtime to determine if it would be more economical to hire someone than paying overtime. It can also help identify overtime abuse, properly track, and record financial activity

Background and Methodology

We received two allegations, one in November and one in December of 2023, regarding improper overtime submissions in Shreveport Police Support Division Central Records.

Overtime workers are not just employees that work in central records, they can come from different divisions within the Police Department to complete the overtime work. The overtime work consists of scanning, filing, and typing police reports within the system in Police Records.

Due to the tip received via our Hotline regarding two employees, we reviewed overtime for five out of the seven employees who had approximately 200 hours or more in overtime between August – December 2023.

The procedures performed during this audit included:

- Interviewing management and others, as appropriate

- Reviewing the City Financial System regarding payroll

- Reviewing approved absence request documents

- Reviewing employee activity log and comparing to timestamps of completed job within the system

- Reviewing Human Resources Overtime Policy

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Finding 1   "Overtime – Any time worked in excess of 40 hours in a normal workweek of 168 hours (except employees engaged in fire protection or law enforcement may be paid overtime on a work period basis which may be from 7 consecutive days to 28 consecutive days in length). Time worked in a workweek or work period, for the purpose of determining overtime, does not include any time charged for vacation (annual) leave, sick leave, holiday, bereavement, civil leave, inclement weather, or compensatory time."[1]

There is a shortage of staff in employees' records to enter a backlog of reports required for the new records management system (RMS). For this reason, other employees who work in another department may be offered overtime. These employees can work extra hours after their scheduled shifts or on weekends, but they must do so under the supervision of a different manager. We learned that there used to be a mechanism in place where employees were asked via email if they wanted to work overtime. However, this practice is no longer in use. The absence of this communication method has likely impacted on the transparency and accountability in the allocation of overtime hours.

To be eligible for overtime, employees must first have worked or be able to work 40 hours per week. If they do not work 40 hours, they will have to work additional hours at their straight-time rate before they can earn overtime or comp time. We were informed from staff that the overtime manager does not verify with the employee manager if he or she has met the 40-hour work requirement.

Between September 1 - December 31, five city holidays occurred. For the five employees working overtime, we reviewed if straight time was recorded, properly, before overtime was earned and found the following:

Employee	Did employee meet holiday/work week Requirement of 40 hours before earning overtime or compensatory time?	Review
A	No Exception	
B	No Exception	
C	Exception	1.) Employee took 2 Days off *(11/20-21/2023)* during Thanksgiving Holiday *(11/23-24/2023)* 2.) The employee earned Comp time of 4.5 *(11/21/23)* the day absent.
D	No Exception	
E	No Exception	

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[1] Source: City of Shreveport Personnel Rules and Regulations

In addition, employees earning overtime are required to submit an Activity Report with their Form 24 to management to show what reports were entered in the system or were scanned in.[2] By comparing the employee activity log to the timestamps within the system we found the following:

Employee	Date	Total reports completed per employee	Timestamp found in system	Difference	Percentage completed by employee	Exception or No Exception?
A	Saturday, September 16, 2023	32	27	5	84%	Exception
A	Sunday, October 15, 2023	15	13	2	87%	Exception
A	Tuesday, October 17, 2023	25	0	25	0%	Exception-No Timestamp Found
A	Tuesday, October 24, 2023	22	0	22	0%	Exception-No Timestamp Found
A	Saturday, November 25, 2023	22	1	21	5%	Exception
A	Saturday, December 16, 2023	31	12	19	39%	Exception
A	Friday, December 22, 2023	16	2	14	13%	Exception
A	Saturday, December 23, 2023	36	7	29	19%	Exception
A	Sunday, December 24, 2023	30	5	25	17%	Exception
B	Saturday, September 16, 2023	30	30	0	100%	No Exception
B	Sunday, October 1, 2023	25	25	0	100%	No Exception
B	Saturday, November 18, 2023	27	18	9	67%	Exception
B	Saturday, November 25, 2023	43	4	39	9%	Exception
B	Sunday, November 26, 2023	30	18	12	60%	Exception
B	Saturday, December 9, 2023	27	8	19	30%	Exception
B	Sunday, December 17, 2023	25	8	17	32%	Exception
B	Sunday, December 24, 2023	24	6	18	25%	Exception
C	Tuesday, November 21, 2023					Exception
E	Saturday, September 16, 2023	38	38	0	100%	No Exception
E	Sunday, October 1, 2023	40	0	40	0%	Exception-No Timestamp Found
E	Wednesday, October 25, 2023	25	22	3	88%	Exception
E	Monday, November 6, 2023	20	0	20	0%	Exception-No Timestamp Found
E	Monday, November 27, 2023	10	10	0	100%	No Exception
E	Tuesday, November 28, 2023	20	20	0	100%	No Exception
E	Tuesday, December 5, 2023	24	0	24	0%	Exception-No Timestamp Found
E	Monday, December 11, 2023	10	0	10	0%	Exception-No Timestamp Found

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[2] Based on the timeframe, we received the fraud allegation. We reviewed the employee Form 24 between September 1- December 31 and randomly sampled the employee Form 24 to verify the completion of the work listed on their activity log.

Auditor Note:
- *Employee C*, who is responsible for reviewing and filing reports, does not maintain an activity log. We were able to see if the employee logged in for specific days, but we cannot determine how many reports were reviewed.

- *Employee D* is responsible for scanning the reports, and we could not determine what reports were scanned in, if any, because the employee does not list the actual report number on the activity log. For example, she lists employee B (40 reports scanned), employee A (10 reports scanned)

We also identified timestamps report within the system, but was not listed on the employee activity log:

Employee	Date	The Number of Timestamps found in system, but employee did not list it on their Activity Log
A	Sunday, October 15, 2023	5
A	Tuesday, October 17, 2023	1
A	Saturday, November 25, 2023	2
A	Saturday, December 23, 2023	1
B	Saturday, December 9, 2023	1
E	Wednesday, October 25, 2023	3
E	Monday, November 6, 2023	8
E	Tuesday, December 5, 2023	2
E	Monday, December 11, 2023	4

Furthermore, during the investigation, staff relayed to us that the authorization for overtime had been temporarily suspended. This decision was due to a crucial finding by another employee who discovered a pile of reports that the overtime workers had claimed to have completed but had not. The employees had worked overtime hours without fulfilling their essential duties of entering information into the system.

CONCLUSIONS

As a result of the work we performed during this investigation, we documented the following internal control weaknesses:
1. A lack of proactive communication regarding overtime opportunities, potentially leading to staffing inefficiencies or favoritism.

2. The absence of a formal verification process between the overtime supervisor and employee supervisor regarding weekly work hours may result in unauthorized or unnecessary overtime.

3. Limited verification of overtime workers' activity logs can lead to an increased risk of inaccuracies or improper claims regarding the number of reports completed.

4. There is no systematic approach to track and analyze overtime usage, leading to inefficient resource allocation and an inability to identify overtime abuse.

Addressing these weaknesses through the recommended measures will enhance transparency, accountability, and cost-effectiveness in the organization's overtime management practices. Therefore, we recommend implementing the following:

- Sending emails requesting interest in overtime work enhances transparency and accountability in the allocation of overtime hours. It displays a clear communication channel for employees to express their willingness to work overtime.

- Implementing a process where the overtime supervisor confirms with the employee's supervisor via email to ensure that overtime hours are justified and in compliance with the 40-hour work week requirement. For an example, verifying if straight time hours should have been used before authorizing to pay overtime if leave or a holiday occur during the 40-hour work week. This helps strengthen oversight and prevents potential abuse of overtime privileges.

- Providing oversight where overtime work is verified through comparison of employee submitted activity logs to the time stamps or entry into the system by either the overtime supervisor or a third party. This enhances the integrity and validity of reported hours. It also minimizes the possibility of employee fraudulent claims or inaccurate recording of overtime hours.

- Tracking and analyzing overtime to determine if hiring someone would be more economical than paying overtime. It can also help identify overtime abuse.

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c: City Council
    Clerk of Council
    Mayor
    Chief Administrative Officer
    Carr Riggs and Ingram
    City Attorney
    Police

Appendix A: Management's Response

Upon being notified of the audit, the overtime was ceased to prevent any further discrepancies.

Based on the Internal Auditor's findings, we began an internal review to identify any misappropriation of overtime. The review is to determine when the reports were entered into the system versus what was documented on the overtime sheets. If the internal review shows there were fraudulent overtime sheets submitted, a criminal investigation will be conducted through our Financial Crimes Unit. Once the findings of the internal review are complete, our department will notify the Internal Audit Office.

If and when overtime is authorized, overtime controls will be reinstated to prevent discrepancies. These controls will be as follows:

1. An email sent to interested parties to document what dates and times they are available to participate in overtime
2. Anyone participating in overtime will be required to work in the Records office after their duty hours and with a Records supervisor present to verify who is working
3. A list of what items are needed to be completed will be prepared by the Records supervisor with the assigned person's name on the sheet
4. Once the work is completed, the list will be returned to the Records supervisor present, in order to verify the work has been completed in the allotted time for the overtime
5. The Records supervisor will verify with the overtime participant's supervisor to verify what overtime the participant is eligible for, (ie. Straight Overtime or Premium Overtime)