



City of Bowling Green

Internal Auditor's Office

Bowling Green Fire Department Payroll Audit

Project# 2010-16

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Observations and Recommendations

1. Two administrative staff members currently work a 10 hr. shift; however, the payroll system reflects that they work an 8 hr. shift. The system needs to correctly reflect the 10 hr. shift in both time worked and leave taken or they should return to a normal 8 hr. working day. (pg. 9-10)
2. BGFDD should implement a system of reporting leave time and overtime that is accountable and ensures all leave taken and overtime earned by employees is properly approved and timely entered in the payroll system. (pg. 11-13)
3. Emergency leave needs to be reviewed by management to confirm the validity of such departmental leave. If the City wishes to continue this department specific leave, then it should be properly defined, and approved reasons should be established. This leave should also be entered into the payroll system and tracked to ensure that it is limited per the BGFDD policy. (pg. 14-15)
4. Human Resources should update the Administrative Personnel Policy and Procedures Manual to reflect the Firefighter II special certification pay. (pg. 16-17)
5. BGFDD should consider the use of time keeping software to manage the annual leave bid process, call back procedures and other payroll related processes. (pg. 18-19)

Attachments

Attachment A- Leave Pick Form (pg. 21)

Attachment B- Suppression Leave and Overtime Report (pg. 23)

Transmittal Letter

TO: Kevin D. DeFebbo, City Manager, Ex-officio Member
Jean Cherry, Audit Committee Chair
David McKillip, Audit Committee Vice-Chair
Charles T. Hays, Audit Committee Member
James Martens, Audit Committee Member
Joe Denning, Mayor and Audit Committee Member

CC: Greg Johnson, Fire Chief
Michael Grubbs, Human Resource Director

Pursuant to the approved 2009/2010 Internal Audit Plan, I hereby submit the Internal Audit Report of the Bowling Green Fire Department (BGFDF) Payroll. The objective of this audit is to 1.) ensure that personnel related actions are properly approved, calculated, and recorded, 2.) determine the cost drivers for Fire OT and compensatory time, and 3.) analyze departmental payroll procedures and evaluate internal controls in place to manage payroll costs as well as prevent fraud, waste, or abuse. This report includes background information to assist the reader in understanding BGFDF payroll administration and related salary transactions. The body of the report consists of observations, recommendations and management's responses to the recommendations.

Results in Brief

The audit identified several areas in which the payroll process could be improved. Five (5) recommendations are identified within this report to strengthen internal controls, accuracy and documentation of the payroll process. The recommendations are as follows:

1. Two administrative staff members currently work a 10 hr. shift however; the payroll system reflects that they work an 8 hr. shift. The system needs to correctly reflect the 10 hr. shift in both time worked and leave taken or they should return to a normal 8 hr. working day.
2. BGFDF should implement a system of reporting leave time and overtime that is accountable and ensures all leave taken and overtime earned by employees is properly approved and timely entered in the payroll system.
3. Emergency leave needs to be reviewed by management to confirm the validity of such departmental leave. If the City wishes to continue this department's specific leave, then it should be properly defined, and approved reasons should be established. This leave should also be entered into the payroll system and tracked to ensure that it is limited per the BGFDF policy.
4. Human Resources should update the Administrative Personnel Policy and Procedures Manual to reflect the Firefighter II special certification pay.
5. BGFDF should consider the use of time keeping software to manage the annual leave bid process, call back procedures and other payroll related processes.

It was a pleasure working with the Fire Department employees. Their cooperation was greatly appreciated.

Sincerely,

Deborah Jenkins, CFE, CICA
Internal Auditor

Background

Official records indicate that the City of Bowling Green recognized a need for fire protection around 1820; however, the first fire engine wasn't purchased until around 1831. It is unknown what type, if any, fire protection was available to citizens prior to the purchase and implementation of a volunteer fire protection. From 1831 through 1865, records are incomplete or missing, but do show the purchase of additional fire equipment. Records from 1866 show that volunteers were paid \$2 for each fire they attended and that they averaged around 60 fires per year.

During the 1870's through the 1890's, various fire apparatus purchases and repairs were made to assist the City's volunteer firemen. Then on September 1, 1898, the City's first paid fire department was created which consisted of a Fire Chief, James A. Wilkerson and two appointed firemen, John Moltenberry and Dave W. Harrison. This change also moved the fire headquarters to a new location on State Street and enabled the newly created department to ride a hose and chemical wagon pulled by a team of horses rather than the traditional method of having to pull fire equipment to each fire by hand.

Until the early 1900's when the Fire Department was enlarged, volunteers still assisted the paid firefighters by running to the fire station and pulling their hose reels to the fire scene. Around this same time, 17 fire alarm boxes were placed in the business section of Bowling Green. The fire alarm boxes were abandoned for use when telephones became available. During the 1900's, the department developed by adding fire stations, equipment and personnel. During the 1930's the department began working a 24 hrs. on / 24 hrs. off schedule; however, in 1964 the work schedule changed to a 24 hrs. on / 48 hrs. off schedule that is still practiced today.

The Bowling Green Fire Department's mission is to "save lives, reduce injury, and protect property" for the citizen's of Bowling Green. There are currently six fire stations (Headquarters, Airport, Southside, Northside, Westside and Greenwood) which cover approximately 38.5 square miles within the City limits. The BGFHD also assists outside agencies with fire and first responder backup through a Mutual Aid Agreement. As of November 2010, the City of Bowling Green's Fire Department consists of 124 full-time employees:

- 112 sworn suppression firefighters
- 4 sworn prevention officers
- 2 sworn training officers
- 2 sworn administration officers
- 1 non-sworn maintenance employee
- 2 non-sworn administrative employees
- 1 non-sworn prevention employee

BGFHD contains 124 of the currently filled 435 full-time positions or 28% of the full-time work force within the City of Bowling Green. The Fire Department has a very substantial budget due to the workforce demands. Each sworn fireman is eligible for a \$3,100 annual pay supplement through the State of Kentucky upon completion of 400 initial training hours and by maintaining 100 annual continuing education training hours in subsequent years. In 2010, the City also paid out \$1.3 million in back pay to firefighters that resulted from a court ruling to include that the state of Kentucky provide supplement within the firefighters overtime rate calculation thus is reflected by the spike in expenditures for 2010. A brief summary of BGFHD's payroll related expenditures are listed below:

BGFD Payroll Expenditures

Fiscal Year	Gross Expenditures	State Incentive Provided	Net Payroll Cost
2011 Budgeted	\$10,279,729.00	(\$496,818.00)	\$9,782,911.00
2010 Actual	\$11,501,786.11	(\$486,831.34)	\$11,014,954.70
2009 Actual	\$9,828,221.44	(\$470,668.84)	\$9,357,552.60

The bulk of services provided by BGFD are performed within the suppression division so responding to calls is by nature a large and very important part of the services provided by BGFD. Listed below is a summary of the suppression activities tracked within the Fire Department from January 2009 through June 2010.

Total Runs by Incident Type

Fire	344
Overpressure Rupture, Explosion, Overheat (No Fire)	264
Rescue & Emergency Medical Service	4,156
Hazardous Condition- No Fire (ex. Gas leak, flammable liquid)	212
Service Call (ex. Lock-out or person in distress)	253
Good Intent (cancelled in route or no incident at arrival)	710
False Alarm & False Call	951
Severe Weather & Natural Disaster	6
Special Incident (citizen complaint)	4

Prevention and training are the other two divisions within BGFD responsible for providing fire investigations, inspections, community education and in-house training. Public education is tracked by the number of citizens that participated in each event. Over the audit period (January 1, 2009 through June 30, 2010), the following number of citizens and employees participated in three categories of public education:

Description	No. of Adults	No. of Children
Public Education Activity/Public Service	1,870	4,623
Class Involving Fire Personnel Only	133	0
Exhibition/Display/Community Event	2,248	5,139
Total Participation	4,251	9,762

Inspections and investigations are tracked by the number of services performed. During the audit period, there were 2,895 inspections performed and 234 investigations tracked by the following categories:

Cause of Ignition	Number of Investigations
Intentional	35
Unintentional	96
Failure of Equipment or Heat Source	25
Act of Nature	2
Cause Undetermined after Investigation	76
Total Investigations Performed	234

The City's payroll system is an exception based system where full-time staff hours are automatically entered by the system each time the payroll initializes a specific payroll batch. BGFD is broken down into two hours categories:

40 hour employees- non-sworn positions as well as a few sworn administrative, training, and prevention positions.

Shift employees- sworn suppression "shift" employees work 24 hrs. on followed by 48 hrs. off. These employees are split into three shifts (A,B,C) to ensure that all stations have sufficient coverage to meet minimum manning requirements. Each fire truck has a minimum number of firefighters that are required to be on shift to operate each specific truck. Every morning the Shift Commander for the shift reporting to duty is responsible for making sure that minimum manning is obtained for sufficient fire protection.

The State of Kentucky mandates through KRS95.500(4) that "all employees of the fire department shall be given not less than two (2) weeks leave of absence annually, with full pay." The City of Bowling Green provides vacation leave based on "working days" and each 24 hr. shift taken as vacation leave is charged as three "working days." The following vacation "working day" basis schedule is earned for Fire Department employees each month:

YEARS	SUPPRESION (24 on / 48 off)	40 HR. SWORN STAFF	NON-SWORN STAFF
0-9	1.75	1.25	1.0
10-14	2.0	1.50	1.25
15-19	2.25	1.75	1.50
20-24	2.50	2.0	1.75
25+	2.50	2.25	2.0

Employees also earn other types of leave at varying rates depending on the working schedule and status of the employee.

1. Sick leave is earned at a rate of one 8 hr. working day per month for all non-sworn and 40 hr. sworn staff. Sworn members on 24 hrs. on / 48 hrs. off shift earn 12 hrs. per month of service.
2. Holiday leave is earned at a rate of ten 8 hr. legal holidays paid per year for non-sworn members, seven 8 hr. holidays per year for 40 hr. sworn firefighters and 6 ½ days (defined as six 24 hr. shifts plus 12 hrs.) for 40 hrs. on / 48 hrs. off employees. After completion of 5 years of service, an additional 12 hrs. of holiday leave is earned for shift personnel for a total of seven 24 hr. shifts. The sworn member holidays are earned on a pro-rated basis and can be scheduled for any day throughout the year.
3. Personal time is accrued on January 15 of each year. Non-sworn members and 40 hr. sworn members will earn two 8 hr. days if they have been with the City more than 6 months of the prior year or one 8 hr. day if they worked less than 6 months in the prior year. The January after the completion of 5 years of service with the City, employees are granted four 8 hr. personal days and then five 8 hr. personal days after the completion of ten years of service. Sworn 24 hrs. on / 48 hrs. off employees are granted two 24 hr. personal days initially and three 24 hr. personal days after the completion of five years of service. Sworn personnel that are on "shift" have the benefit of electing to cash out their personal time each year at the full base rate straight-time value.

4. One Employee Appreciation Day is earned annually on January 15 for all employees. The non-sworn and 40 hr. sworn employees receive 8 hrs. and the 24 hrs. on / 48 hrs. off shift employees receive 24 hrs.

Scheduling leave for the shift personnel each year is coordinated in January of each year. Bids are collected for vacation time based on the firefighter's seniority with the City within his or her specific shift. This selection process can take one or more full days to finalize. A copy of the bid sheet is shown on Attachment A.

Maintaining the minimum manning required for each shift can be a hectic task at times and is the largest cost driver for overtime within the department. During the audit period, there were 1081 incidents of callback overtime of which 677 (62%) of the occurrences were due to minimum manning.

Objective

The objective of this audit is to 1.) ensure that personnel related actions are properly approved, calculated, and recorded, 2.) determine the cost drivers for Fire OT and compensatory time, and 3.) analyze departmental payroll procedures and evaluate internal controls in place to manage payroll costs as well as prevent fraud, waste, or abuse.

Scope

The scope of this audit included BGFDF payroll activity from January 1, 2009 through June 30, 2010.

Criteria and Approach

This audit was based on documented policies and procedures, as well as general best business practices. The approach consisted of three phases:

1. Understanding the Process:

During Phase One, an entrance conference was held with applicable BGFDF management and staff to discuss objectives of the audit work, collect information and documentation, and inform them of the audit plan and why they were selected. I then conducted interviews with key BGFDF employees and observed processes. Human Resources staff and the Department of Finance central payroll staff explained their roles and responsibilities and performed a walkthrough of key processes. I reviewed the City of Bowling Green Administrative Personnel Policy and Procedures Manual, BGFDF's Policy and Procedure Manual, U.S. Department of Labor's Fair Labor Standards Act information and applicable IRS regulations to gain an understanding of the regulations and policy applicable to the BGFDF's payroll process.

2. Sample Determination and Detailed Testing:

During Phase Two, nine (9) risk areas were identified and prioritized based on perceived control techniques, control weaknesses as well as the impact and probability of occurring within the payroll process. A combination of randomized testing and haphazard selection of samples were tested based on the priority scale of risks identified.

3. Reporting:

During Phase Three, I analyzed and evaluated the results of the tests performed. I then summarized the observations and recommendations based on the analysis into a report format. An exit conference was conducted with management and their responses are incorporated into this report.

Statement of Standards

The audit was performed in accordance with generally accepted government auditing standards. Those standards required that I plan and perform the audit to afford a reasonable basis for judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls, compliance requirements under the law and regulations when necessary to satisfy the audit objectives. I believe this audit provides a reasonable basis for the conclusions.

Audit Conclusion

The audit identified five (5) areas in which the BGFDD payroll process can improve the internal controls and administration of the process. Several recommendations are included in this report to assist BGFDD management in strengthening controls.

Observations and Recommendations

1. **Two administrative staff members currently work a 10 hr. shift; however, the payroll system reflects that they work an 8 hr. shift. The system needs to correctly reflect the 10 hr. shift in both time worked and leave taken or they should return to a normal 8 hr. working day.**

Observation

Fire administration has two supportive staff members who are responsible for all of the office related duties within the department including accounts payable, budgeting, payroll, answering phones and assisting management. The two staff members work an alternative schedule of four ten-hour days a week with one having Monday off and the other having Friday off each week. This type of work schedule would require them to use ten hours of leave for each day out of the office; however, all entries within the payroll system reflect that they are on an eight hour traditional work day.

It was explained to me that payroll would still reflect ten hours of leave because they would charge eight hours on the day they were actually out of the office and then two hours on the following day to total ten hours. This method was found within part of the audit scope for some sick and vacation time, but it is not consistent, does not accurately reflect the actual time or day worked and did not include personal, bonus or holiday time. For example:

Day of the Week	Actual Schedule	Payroll Reflected
Monday (regular day off work)	0 hrs. worked	8 hrs. Regular Time
Tuesday (worked regular shift)	10 hrs. worked	8 hrs. Regular Time
Wednesday (worked regular shift)	10 hrs. worked	8 hrs. Regular Time
Thursday (sick)	8 hrs. claimed	8 hrs. Sick Time
Friday (sick)	8 hrs. claimed	8 hrs. Sick Time
Weekly Totals	36 actual hours	40 hours recorded

In this example, the employee had 36 hours for the week and would need another four hours of sick time claimed. Where the payroll system has not been adjusted to account for their alternative work schedule, it shows that the employee worked three eight-hour days and then used sick time for the absences on Thursday and Friday. Holiday and personal or appreciation time should also reflect the ten hour shift in order to accurately record time. For example:

Day of the Week	Actual Schedule	Payroll Reflected
Monday (worked regular shift)	10 hrs. worked	8 hrs. Regular Time
Tuesday (appreciation day)	8 hrs. claimed	8 hrs. Appreciation
Wednesday (sick)	8 hrs. claimed	8 hrs. Sick Time
Thursday (vacation)	8 hrs. claimed	8 hrs. Vacation Time
Friday (regular day off)	0 hrs. worked	8 hrs. Regular Time
Weekly Totals	34 actual hours	40 hours recorded

In this example, the employee would only have 34 hours for the week and would need another six hours of time claimed to reach the required forty-hours. The payroll system shows that the employee worked eight hour days on Monday and Friday giving forty-hours recorded time once the three days of leave are added.

Risk

Employees with alternative work schedules that are not accurately reflected in the payroll system could result in inflated leave balances and has a high risk for potential fraud or abuse.

Audit Recommendation

Any employee working an approved alternative work schedule should have documented approval from their supervisor and should notify central payroll so the correct working hours and days are dumped into the system when each payroll batch is initialized. All hours worked and leave taken including all hour codes (personal, sick, vacation, holiday, appreciation, etc.) should reflect the correct alternative schedule and hours.

The alternative is to convert the two administrative employees back to a traditional eight hour work day.

Fire Department Management Response

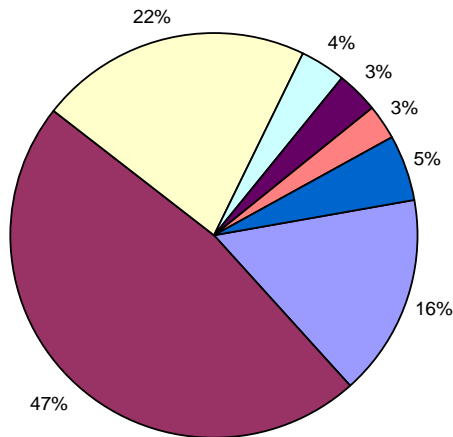
At present, all 40 hour fire employees are working a five day week, eight hours per day. Fire management recognizes the benefit to both the individual and the organization to allow flexible hours of work under certain circumstances. In the future, if flexible hours are approved, the Audit recommendation will be followed.

2. BGF D should implement a system of reporting leave time and overtime that is accountable and ensures all leave taken and overtime earned by employees is properly approved and timely entered in the payroll system.

Observation

The suppression division of the Fire Department contains 112 employees that utilize daily rosters to document any leave or callback overtime for each shift. A copy of the Leave and Overtime Report (Attachment B) is submitted to the administrative support personnel for entry into the payroll system. An example of the daily roster form is included in Attachment B. The top portion of the roster lists the firefighters that are off on approved leave for the day and the bottom portion shows any callback overtime as well as the reason such as meetings, training or minimum manning.

The other twelve (12) employees work a traditional 40 hour work week, both sworn and civilian, and report leave by using the Citywide Leave Request Form. There is not a standardized overtime form utilized in the Fire Department for non-suppression staff. As part of the testing, fourteen (14) pay periods from January 1, 2009 through June 30, 2010 were selected in full to test supporting documentation of various leave and overtime occurrences compared to the entry into the Logos System for all Fire Department employees. Within the sample pay periods, there were a total of 1,346 leave and overtime records for the 112 suppression employees with 92 variances for an error rate of 6.83%. The 12 non-suppression employees had 293 total leave and overtime records with 93 variances for an error rate of 31.74%. The chart below provides a breakdown of the various issues by percentage of total occurrences.



- Variance between daily roster and time entered into system
- No documentation to support the leave entered into the system
- No documentation to support the overtime entered into the system
- Overtime reported via e-mail without documented approval
- Overtime and leave documented on post-it notes only
- Incorrect general ledger codes used for non-sworn staff overtime
- Leave forms within file that were not entered into the payroll system

Prior period adjustments that occurred 15 days or more after the actual work date were also analyzed. This excluded items that were adjusted in the following pay period due to timing issues such as an early payroll cut off on Holiday weeks. The administrative personnel who enter payroll stated that they compare their entries to the suppression books twice a year. There were 142 prior period adjustments that occurred anywhere from 15 days to 305 days after the actual worked day and included:

- Compensatory time earned and taken mostly due to changes in entry policies (35 records)
- Callback overtime reported late (17 records)
- Adjustments which changed the type of leave reported (90 records)

The late callback overtime was entered between fifteen (15) and twenty-nine (29) days after the overtime was worked. Adjustments to the type of leave entered consisted of various types of adjustments and corrections; however, a few adjustments converted vacation leave that accumulates from year to year into leave that must be taken within the calendar year or lost. A few examples are listed below:

Work Date	Original Leave Type	Leave Adjusted To	Pay Period of Change
10/09/2009	Vacation F/T Used	Holiday Used	12/21/2009-01/03/2010
06/07/2009	Vacation Fire OT	Holiday Fire OT	09/14/2009-09/27/2009
07/28/2009	Vacation F/T Used	Appreciation Day Used	12/21/2009-01/03/2010
07/29/2009	Vacation F/T Used	Personal Day Used	12/21/2009-01/03/2010
07/30/2009	Vacation F/T Used	Personal Day Used	12/21/2009-01/03/2010
07/31/2009	Vacation F/T Used	Personal Day Used	12/21/2009-01/03/2010
10/06/2009	Vacation F/T Used	Personal Day Used	12/21/2009-01/03/2010
10/07/2009	Vacation F/T Used	Personal Day Used	12/21/2009-01/03/2010
10/03/2009	Vacation F/T Used	Personal Day Used	12/07/2009-12/20/2009
10/05/2009	Vacation F/T Used	Holiday Used	12/07/2009-12/20/2009
03/19/2009	Vacation F/T Used	Holiday Used	01/18/2010-01/31/2010
04/21/2009	Vacation F/T Used	Holiday Used	01/18/2010-01/31/2010
06/22/2010	Vacation F/T Used	Holiday Used	09/26/2010-10/09/2010

Since there is no Citywide policy to limit the amount of days someone has to change their leave usage, it allows employees to convert vacation time taken into unused Personal, Appreciation or Holiday hours months later to prevent losing it at the end of the year. Shift personnel in the suppression division have the option to cash out their Personal hours at the beginning of each year.

Other issues can also occur due to no limits on prior period adjustments. For example, a suppression employee claimed five (5) Holidays and one (1) Vacation day in a row putting him on leave from 4/25/2009 through 5/10/2009. Then over 100 days later in the 8/17/2009-8/30/2009 pay period, all of these hours were converted to Sick days which re-accrued 120 hours of Holiday time and 24 hours of Vacation time. The following pay period, on 9/24/2009 and 9/07/2009, two Holidays were used that would not have been available until the prior period adjustment was performed days earlier.

Risk

Without an accountable leave submittal, prior period adjustment and overtime reporting process, employees can easily not claim leave time and maintain higher accrual levels than earned or submit overtime that was not worked which increases cost to the City.

Audit Recommendation

All personnel within BGFD have access to the HR Portal and can review their leave balances to ensure that Personal, Appreciation and Holiday hours are taken during the calendar year. There should be a time limit placed Citywide on prior period adjustments to prevent leave manipulation and to encourage personal responsibility of time usage by employees. Leave forms for 40 hour employees should be completed by the employee requesting leave and must be signed by the supervisor approving the leave prior to it being submitted for entry into the payroll system. Supervisors should reconcile submitted leave forms to their own records to ensure that all forms have been received from staff. Suppression records should be reconciled to administrative records on a timelier basis. The current method of semi-annual review is not sufficient to maintain correct payroll entry.

BGFD should create a standardized method for documenting and approving any overtime above the normal work schedule. Independent review of payroll entry should be implemented to diminish keying errors from the voluminous entry associated with the department.

Fire Department Management Response

BGFD will be trained on reviewing leave balances on the HR portal. We will await the proposed city wide limit on prior period adjustment allowances. All personnel have started using the proper leave and overtime approval forms and supervisors have been instructed to reconcile records. We encourage an independent review of the voluminous payroll entry.

Human Resource Management Response

One of the audit recommendations was that a time limit should be placed city-wide on prior period adjustments to prevent leave manipulation and to encourage personal responsibility for time usage by employees.

Response: Logos does not appear to provide an option to put a time limit on prior period adjustments. Either they are allowed or they are not. There are legitimate reasons for allowing adjustments for a reasonable time period thus eliminating prior period adjustments is not practical. If a time limit is established, it will have to be monitored manually. A suggestion would be to allow prior period adjustments for three months and any adjustment after that would require department head approval.

3. **Emergency leave needs to be reviewed by management to confirm the validity of such departmental leave. If the City wishes to continue this department specific leave, then it should be properly defined, and approved reasons should be established. This leave should also be entered into the payroll system and tracked to ensure that it is limited per the BGFDF policy.**

Observation

BGFDF's Policy and Procedure Manual refers emergency leave as time which:

Shift commanders may grant special emergency leave to members as follows:

1. *Two hours shall be the limit of such leave unless unusual circumstances dictate additional time at which time the Shift commander shall use discretion in granting the additional time or require the use of other leave options.*
2. *Special Emergency Leave shall not be granted more than two times per year.*

Emergency leave is not within the Citywide Administrative Personnel Policy and Procedures Manual and Fire Department personnel were the only staff aware of this leave. This time is not entered into the payroll system and one suppression roster was found which approved emergency leave as well as documented callback overtime to maintain minimum manning during the time needed for the emergency leave.

There is no definition as to what constitutes a special emergency and there is no system in place to track the number of occurrences throughout the year.

Risk

Additional leave should not be available to only one division or department within the City unless there is documented approval for it within the City's Administrative Personnel Policy and Procedures Manual. This departmental leave has a high risk of error or abuse since it is not clearly defined or tracked and has no clear time restrictions due to the ability for the Shift commanders to have discretion in granting more time.

Audit Recommendation

Emergency leave should be reviewed to confirm whether or not the City wishes to continue this departmental specific leave. If the emergency leave is validated, then it should be clearly defined including approved reasons for use and entered into the software system. Once the emergency leave is entered into the system, it can be tracked by BGFDF management to ensure it is taken within the approved parameters.

Human Resources should periodically review departmental policy manuals to ensure that there are no employee benefits that are not reflected within the Citywide Administrative Personnel Policy and Procedures Manual.

Fire Department Management Response

The Fire Department leave policy will be revised to allow for the use of accrued leave time on an emergency basis not to exceed two times a year. Emergency use of personal or sick leave time will require approval from the on duty Shift Commander and documentation of that approval will be maintained in the applicable payroll records.

Human Resources Management Response

One of the audit recommendations is that management should review and confirm whether emergency leave will be continued for the Fire Department.

Response: It is highly unlikely that this type of leave would be extended to other City departments, and therefore not allowed for only one department. If the issue is making certain Fire shift personnel have some leave time to use for emergency situations, the department should hold back one personal day for employees to be able to use for “emergency leave” a few hours at a time as needed. The proposed revision to the personnel manual will give shift personnel the option to cash in personal days at the beginning and end of the calendar year, so employees could then get paid for any unused hours.

4. Human Resources should update the Administrative Personnel Policy and Procedures Manual to reflect the Firefighter II special certification pay.

Observation

The Firefighter II program was implemented by Municipal Order No. 97-101 in June of 1997 to:

Promote movement within the organization to allow a firefighter to learn more skills, provide additional services, and earn additional pay

This also helped maintain parity between police and fire since police had two programs (Advanced Police Officer and Master Police Officer) where fire only had EMT. There are requirements that must be met prior to becoming an EMT/FFII and the program originally included in the employees base salary and would remain since it was considered a type of promotion.

In 2002 the program was amended with Municipal Order No. 2002-115 to become a certification program whereas the certification money was paid to the employee; however, it was no longer considered a promotion or part of employees' base salary. In 2003, Municipal Order No. 2003-271 further clarified that the Firefighter II designations after July 2003

will be considered "assignments" rather than "promotions". As such, when an employee is promoted to the next higher level, the assignment pay...will be deducted from the base salary prior to calculation of any promotional increases.

This change is still in effect today and the Human Resources Manager now maintains a listing of all assignment pays to track changes and ensure that assignments are provided and removed per the approved municipal orders.

The Firefighter II certification according to the Municipal Order No. 97-001 also stated that:

Section 2-45 of the Administrative Personnel Policy and Procedures Manual for Classified Employees...shall be amended to include a reference to promotion to and from Firefighter/EMTII.

This approved certification is still not reflected in the approved version of the Administrative Personnel Policy and Procedures Manual dated October 17, 2006.

Risk

The Administrative Personnel Policy and Procedures Manual is a reference for all employees and if approved revisions to policies are not timely reflected, employees may not know what they are eligible for and management may not apply the changes correctly.

Audit Recommendation

Human Resources should maintain a listing of approved changes that affect the Administrative Personnel Policy and Procedures Manual to ensure that periodic updates to that manual contain all amendments.

There is a draft revision that is being reviewed by Senior Management that does include language pertaining to the Firefighter II/EMT certification; however, a method should be developed to ensure that future changes are timely reflected in the manual and not omitted.

Fire Department Management Response

Fire Management will work with Human Resources to ensure that the FF II/EMT program is more closely monitored for implementation by fire employees. Our Policy and Procedure manual is in the process of revision and will include language to provide guidance for these programs.

Human Resources Management Response

The recommendation is that Human Resources should update the Administrative Personnel Policy and Procedures Manual to reflect the Firefighter II special certification pay.

Response: As noted, municipal orders have been adopted to implement and amend the Firefighter II program. Human Resources has been complying with the language of the municipal orders, except probably due to oversight, reference to the program was never incorporated into the personnel manual. As was noted, the current manual draft under review by Senior Management contains appropriate language on the program. No disagreement with the observation/recommendation.

5. BGF D should consider the use of time keeping software to manage the annual leave bid process, call back procedures, and other payroll related processes.

Observation

Managing payroll and leave time is still by far a manual process. The annual leave bid process takes roughly a work day per shift to bid and enter onto the shift calendar. A separate spreadsheet is also maintained to track instances of callback overtime and ensure that the extra overtime opportunities are provided equally throughout the division. Daily roster forms are also completed each day to track leave taken and any overtime recorded. It currently costs an estimated \$40,000 to maintain scheduling, callback and reporting for the suppression division.

Activity	Total # Staff	Hours / Day	Cost / Person with Fringe	Days / Year	Annual Cost
Daily scheduling by Shift Commanders	1	1.25	\$32.04	365	\$14,620
Review by Fire Chief	1	2	\$60.50	26	\$3,146
Compiling Payroll data	1	8	\$20.75	26	\$4,315
A-Shift Leave Bids	36	8	\$28.85	1	\$8,310
B-Shift Leave Bids	31	8	\$19.60	1	\$4,861
C-Shift Leave Bids	35	8	\$17.69	1	\$4,954
Producing Monthly Reports (exceptions/costs)	2	2	\$22.59	26	\$2,349
Annual Cost to manage staffing/payroll					\$40,206

Employees have the ability to track their own leave balances through the HR Portal; however, many still rely on the two administrative support staff members to inform them of their balances as the year progresses. Suppression staff bid for leave that was earned in the prior year. A spreadsheet is created each year by the administrative support staff for use on the leave bid day for each shift. It lists the number of holidays, personal, sick, and vacation days that are available to each employee; however, the spreadsheet contained multiple errors that could not be relied on by the suppression staff. Instead, the senior staff members of each shift would determine how many days that each employee should have by the number of years of service to the City. Many firefighters did not know how many carryover days from prior years that were available for bidding since the spreadsheet contained multiple errors.

Risk

The current manual practice is prone to human error; is open to subjectivity in the interpretation of personnel policies; lacks forecasting tools and is ineffective for management analysis and reporting.

Audit Recommendation

BGF D Management should work with the Information Technology Department and consider the use of time keeping software to manage the annual leave bid process, call back procedures and other payroll related processes. Employees within the department should take ownership of their own leave time and not depend on two administrative staff members to track all employees' hours.

Suppression staff should know prior to the annual leave bids how many days they have available by utilizing the HR Portal. The HR Portal only lists the total accrued time, but suppression staff needs to see their time in more specific breakdowns. Suppression staff bid for annual leave which was earned in the prior year, so they need to see their leave as three separate categories to meet the bidding standards:

1. Leave that has rolled over from a prior year
2. Leave available to use from the current year and
3. Leave that is earning for use the following year.

Fire Department Management Response

We will work with IT to determine what cost saving program is available to manage leave time scheduling and actual leave time taken. As referenced in #2, department personnel will be asked to transition into keeping up with their own leave time based on information available through the HR portal.

Fire Chief's Commentary:

On behalf of the Bowling Green Fire Department, I want to thank City Auditor Deborah Jenkins for her professional approach while conducting the payroll audit on our department. I heard nothing but praise from the employees that came in contact with her. We look forward to working with her in the future. (Distant future)

ATTACHMENT A

TIME OFF PICKS 2010

NAME _____

Max pick 1st three rounds _____

Total Vac days avail _____

#Avail

VACATION 1 st ROUND (4MAX)									
VACATION 2 ND ROUND (5MAX)									
VACATION 3 RD ROUND (3MAX)									
HOLIDAYS									
PERSONAL DAYS									
VAC Carryover 6th ROUND									
BONUS TIME									

_____ #181705

ATTACHMENT B

LEAVE AND OVERTIME REPORT

01/01/11

Leave	Hrs.	Am	Pm	Authorized
H	24	Smith 5555	Smith 5555	TB
V	24	Jones 1234	Jones 1234	TB

Name & I.D. #	Reason for Overtime	Hours	Authorized

- | | |
|-------------------|--------------------------|
| H - Holiday | SCH- School |
| V - Vacation | LO - Leave without Pay |
| P - Personal | L - Leave with pay |
| B- Bonus | SWO - Sick leave w/o Pay |
| S - Sick | HG- Honor Guard |
| F - Funeral leave | AL-Admin Leave |
| TR- Trade | LD- Light Duty |

Completed By