



Audit of Dallas Police Department Overtime – Final Report

August 9, 2022

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Executive Summary

Objectives and Scope

The objectives of this audit were to determine whether the Dallas Police Department manages overtime in a way that limits the financial and operational impact to Department service delivery objectives and to determine whether any unusual employee overtime usage indicates waste or abuse at the Dallas Police Department.

The scope of the audit was uniform and civilian overtime from October 1, 2018 to December 31, 2020.

What We Recommend

We recommend Management:

- Implement a reliable centralized electronic overtime record keeping system.
- Incorporate additional best practices from the International Association of Chiefs of Police.
- Adopt procedures for overtime analysis.
- Issue guidance to supervisors on how to change officer schedules to avoid overtime and how to document these changes.
- Ensure accuracy in the computation of overtime pay in Workday.

Background

During the audit period of October 1, 2018, to December 31, 2020, the City's payroll system shows that the Dallas Police Department incurred a total of 1,305,750 overtime hours, and the City of Dallas paid a total of \$78,695,699 in overtime pay to both uniform and civilian Dallas Police Department employees. In addition, during the same period, Dallas Police Department uniform employees earned 316,166 hours of compensatory time with an estimated cost to the City of \$13.8 million.

What We Found

Evidence demonstrates that the Dallas Police Department has some controls to keep overtime to a minimum. However, several best practices from the International Association of Chiefs of Police, which could further help reduce overtime expenditures, are not used.

Additionally, written procedures for analyzing overtime, changing and documenting changes to officer schedules, a centralized electronic overtime record keeping system, and accuracy in the computation of overtime pay in Workday could prevent and deter instances of potential waste and abuse of overtime in the future.

Objectives and Conclusions

1. Is there evidence that the Dallas Police Department manages overtime to keep it to a minimum?

Generally yes. The Dallas Police Department does have basic controls in place to keep overtime to a minimum. However, several best practices which could further help reduce overtime expenditures are not used. See [Observation B](#).

2. Was there any unusual employee overtime usage that indicates waste or abuse at the Dallas Police Department during the audit period of October 1, 2018, to December 31, 2020?

No. The Dallas Police Department relies on supervisory review and approval of overtime and compensatory time records to detect inappropriate use of overtime. A review of a judgmental sample of 412 overtime and compensatory time transactions showed that:

- Only five overtime or compensatory time request documents could not be located (1.2 percent).
- Only four requests were not reviewed by supervisors (1 percent).

The department does not require storing documentation justifying the use of overtime. However, interviews with Dallas Police Department unit supervisors and a review of available supporting documentation for a judgmental sample of 263 overtime and compensatory time transactions did not indicate any:

- Inappropriate actions of using or expending resources carelessly, extravagantly, or to no purpose.
- Behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice.
- Misuse of authority or position for personal financial interests.

Some internal controls require improvements that will enhance management's ability to prevent and detect potential waste and abuse of overtime. See [Observation A](#) and [Observation C](#).

Audit Results

Both *City Council Resolution 88-3428* and Administrative Directive 4-09, *Internal Control* prescribe policy for the City to establish and maintain an internal control system. The audit observations listed are offered to assist management in fulfilling their internal control responsibilities.

Observation A: Recording of Overtime Information

The Dallas Police Department cannot always retrieve supporting documentation to show why overtime had to be paid to certain employees at specific times and whether it was properly requested and approved. As a result, historical information needed to demonstrate a public purpose for overtime or to detect inappropriate use of overtime is not always available.

Dallas Police Department Record Keeping Systems

The Dallas Police Department does not have a centralized and reliable overtime record keeping system. Currently, overtime and compensatory time are first recorded on manual cards. In some units, employees use Intelligent Workforce Management (IWM), Workday (the City's electronic payroll system), or email to record overtime. Upon supervisory review and approval, standardized information is transferred to Workday.

Shortcomings of this approach include the inability to:

- **Maintain accurate records.**

Manual entry is cumbersome, unreliable, and error-prone. For example, the Dallas Police Department was unable to locate five overtime request cards for a judgmental sample of 412 overtime and compensatory time transactions, or 1.2 percent. Also, for 52 of 412 transactions (12.6 percent), the overtime description on the manual card did not match the code recorded in the Workday payroll system.

- **Attach supporting documentation.**

According to *General Order 206*, certain documents establish justification for overtime, such as:

- Subpoenas or Court Notification Slips.
- Appointments set by U.S. Attorneys, District Attorneys, or City Attorneys.
- Dispatcher notification.
- Supervisory approval of overtime.
- Orders by the Command level staff.

The current system does not explicitly require or capture pre-approval or supporting documents justifying the use of overtime. Instead, the overtime is first recorded by the

employee on a card, and then approved by a supervisor. Further, supporting documents justifying the use of overtime are not saved with the overtime cards in Intelligent Workforce Management or Workday. They are located, rather, in disparate other systems (for example Records Management System¹ or Incode²), making it difficult to verify the legitimacy of the overtime. As a result, the Dallas Police Department was unable to provide documents justifying the use of overtime for 149 out of a judgmental sample of 412 overtime and compensatory time transactions, or 36.2 percent.

- **Verify valid signatures/ensure proper authorization.**

Manual entry does not ensure that the approval signature on the card belongs to a supervisor with the authority to approve overtime. For example, out of a judgmental sample of 268 overtime cards provided by the Dallas Police Department:

- Four or 1.5 percent were not signed by a supervisor.
- Ten or 3.7 percent were signed, but the signature was illegible.
- 128, or 47.8 percent, were signed by an individual whose authority to approve overtime could not be confirmed. According to the Dallas Police Department, a supervisor who witnessed the overtime work signs the card.

Criteria

- ❖ International Association of Chiefs of Police Law Enforcement Policy Center, *Overtime. Concepts and Issues Paper*
- ❖ International Association of Chiefs of Police Model Policy
- ❖ United States Department of Justice, Office of Justice Programs, National Institute of Justice, *Police Overtime: An Examination of Key Issues* by David H. Bayley and Robert E. Worden
- ❖ *General Order 206*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 10– Design Control Activities*
 - *Principle 12– Implement Control Activities*

Assessed Risk Rating:

High

¹ Records Management System stores crime incident and investigation data.

² Court management system stores Dallas Municipal Court docket and other court related information.

We recommend the **Dallas Police Chief**:

A.1: Implement a reliable centralized overtime record keeping system to ensure that the following information is electronically recorded and is easily retrievable:

- Employee name, position, and unit.
- Date and time overtime or compensatory time was requested or ordered.
- Number of hours of overtime or compensatory time.
- The reason for overtime.
- Date and time overtime or compensatory time was approved.
- Record of approval by the supervisor with authority to approve overtime.
- References to supporting documents.

Observation B: Overtime Management

Overtime Controls

The Dallas Police Department has several internal controls to limit overtime expenditures that are working as intended:

- Only uniform personnel below the rank of Major earn overtime and compensatory time.
- All overtime worked is approved for payment by a designated supervisor.
- Paid overtime and unpaid compensatory time are recorded separately.
- Unit commanders and supervisors monitor individual and summary data reports of overtime expenditures.
- Maximum compensatory time accrual for uniform personnel is capped at 480 hours.
- Right Care.
- Dallas Online Reporting System.
- 911 expeditors.
- Promoted officers' assignment to Patrol.
- Bi-weekly audits in Patrol.
- Patrol directed hours capped.
- Only non-exempt civilian personnel earn overtime.
- Ad-hoc overtime analysis reports are reviewed by command staff.
- Overtime expenditures are recorded separately by function and by unit in which the expenditure is incurred.
- Supervisors and command staff enforce limits on the number of overtime hours per day and week.
- Maximum compensatory time accrual for civilians is capped at 80 hours.
- Staffing optimization recommended by KPMG.
- Civilianization.

However, a comparison of Dallas Police Department overtime controls to best practices recommended by the International Association of Chiefs of Police shows the Dallas Police Department could benefit from adding some of the overtime controls recommended by the Association of Chiefs of Police. (Refer to [Appendix A](#) for more detail).

Analysis of Overtime Data

The Dallas Police Department uses information recorded in the Workday payroll system to perform ad-hoc analysis of overtime hours incurred by employees. The following information is available for management's analysis. (See [Exhibit 1](#) below).

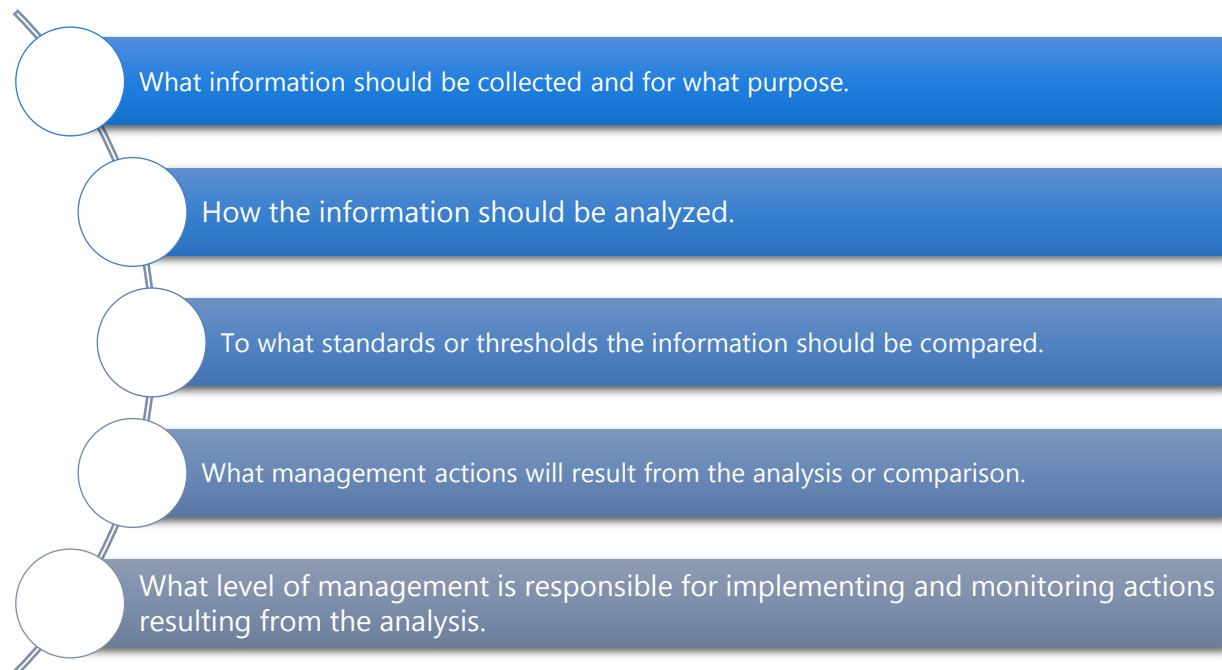
Exhibit 1:



Source: Office of the City Auditor

The Dallas Police Department, however, does not have written procedures to describe the following (see [Exhibit 2](#) below):

Exhibit 2:



Source: Office of the City Auditor, U.S. Department of Justice, Office of Justice Programs, National Institute of Justice, Police Overtime: An Examination of Key Issues by David H. Bayley and Robert E. Worden

The Dallas Police Department has the infrastructure (i.e., the Workday payroll system) for recording and analyzing the use of overtime, but the department must adopt procedures for making managerial decisions about overtime based on an understanding of what is happening. According to best practices in overtime management, the analysis should provide answers to the following questions:

Cost Effectiveness of Overtime

- How much police work is being performed while on overtime?
- What sort of work is it?
- What are the circumstances of use?
- How much of the work is done on paid overtime versus how much compensatory time is used (that will create vacancies that others will use overtime to fill)?

Cost Overruns

- Does the Dallas Police Department and the City of Dallas have the capacity to pay for overtime over the budgeted amounts?
- How much has been spent throughout the current fiscal year?
- How does the rate of expenditure compare with previous fiscal years?
- How do current expenditures compare against likely future contingencies based on analyses of past patterns?

Waste and Abuse³

- Are there large, undetected overtime earnings by individuals or units within the Dallas Police Department that represent a failure of supervision?
- What are the patterns of overtime expenditures—both as time and as money—by individuals, by units, and by the nature of the work performed?
- How do these patterns compare to prior years, between similar units, and between employees performing the same work?
- Do any of the patterns match the definitions of waste or abuse?

³ Definitions:

According to Government Auditing Standards, *Section 6.21*, "**Waste** is the act of using or expending resources carelessly, extravagantly, or to no purpose. Importantly, waste can include activities that do not include abuse and does not necessarily involve a violation of law. Rather, waste relates primarily to mismanagement, inappropriate actions, and inadequate oversight."

According to Government Auditing Standards, *Section 6.23*, "**Abuse** is behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances, but excludes fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements. Abuse also includes misuse of authority or position for personal financial interests or those of an immediate or close family member or business associate."

Supervisory Review

Supervisory review and approval are the most important controls to guard against waste and abuse of overtime, ensuring that:

- No task or function is performed on overtime that could otherwise be performed during regular work hours.
- Personnel are held responsible for a level of performance during standard work hours that minimize the need for overtime.
- Overtime is authorized only for vital service demands.
- Personnel do not exceed overtime hour limits.

While *General Order 206* requires that police officers document their overtime and compensatory time requests on manual overtime cards, some Dallas Police Department units use Intelligent Workforce Management (IWM)⁴ or Workday payroll system instead of cards to request and approve overtime. A review of a judgmental sample of 412 overtime and compensatory time transactions showed that:

- Requests for 268 instances of paid overtime or accrued compensatory time (65 percent) were recorded on manual overtime cards.
- 64 requests (15.5 percent) were recorded in Workday.
- 75 or 18.2 percent were recorded in IWM.
- Only five requests for paid overtime or compensatory time (1.2 percent) could not be located.

In addition, *General Order 206, Section 206.06.B.5*, allows supervisors to alter employees' schedules to minimize overtime and compensatory time usage. However, General Orders provide no guidance on how to change the officers' schedule to avoid overtime and how to document these changes. The Dallas Police Department was not able to provide any documented evidence of supervisors changing their employees' schedules to avoid or minimize overtime.

Criteria

- ❖ International Association of Chiefs of Police Law Enforcement Policy Center, *Overtime. Concepts and Issues Paper*
- ❖ International Association of Chiefs of Police Model Policy
- ❖ United States Department of Justice, Office of Justice Programs, National Institute of Justice, *Police Overtime: An Examination of Key Issues* by David H. Bayley and Robert E. Worden

⁴ IWM is an internal Dallas Police Department computer system used for human resource management functions.

- ❖ *General Order 206*
- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 7– Identify, Analyze, and Respond to Risk*
 - *Principle 10– Design Control Activities*
 - *Principle 12– Implement Control Activities*

Assessed Risk Rating:

Moderate

We recommend the **Dallas Police Chief**:

B.1: Review the model policy developed by the International Association of Chiefs of Police’s Law Enforcement Policy Center and incorporate overtime internal controls suitable for the Dallas Police Department into the General Orders (see [Appendix A](#)).

B.2: Revise General Orders to prescribe the following elements of overtime analysis:

- Type and description of the overtime information to be collected.
- Purpose of the analysis.
- Analysis description.
- Standards and thresholds to compare against.
- Management actions that will result from the analysis and comparisons.
- What level of management is responsible for implementing and monitoring actions resulting from the analysis.

B.3: Revise General Orders to include guidance for supervisors on how to change their officers’ schedules to avoid overtime and how to document these changes.

Observation C: Payroll Controls

COVID-19 Uniform Leave Police Time Off calculation tag was incorrectly included as time worked to determine overtime or compensatory time for uniform employees. As a result of this incorrect calculation, 249 non-exempt uniform employees receiving overtime or compensatory time for 34 weeks between June 24, 2020 and February 16, 2021, may have received additional overtime pay to which they were not entitled. Payroll records show approximately 5,333 hours coded *COVID-19 Uniform Leave Police Time Off* for non-exempt employees receiving overtime or compensatory time during that period.

Uniform Dallas Police Department employees ranked Captain and below are eligible to receive compensation of 1.5 times their regular rate of pay for any time worked in excess of 40 hours per work week after the deduction of sick leave (including COVID related illness) and leave without pay taken during the same work week.^[1] Uniform Dallas Police Department employees ranked Captain and below are eligible to earn compensatory time (instead of overtime pay) at 1.5 times for every hour worked in excess of 40 hours per week. However, the City's electronic payroll system, Workday, was not configured to correctly account for the *COVID-19 Uniform Leave Police Time Off* entries.

Criteria

- ❖ Standards for Internal Control in the Federal Government:
 - *Principle 10– Design Control Activities*
 - *Principle 12– Implement Control Activities*
- ❖ Dallas City Code. Chapter 34, *Personnel Rules*

Assessed Risk Rating:

Low

We recommend the **City Controller and the Director of Human Resources:**

- C.1:** Identify officers impacted by the incorrect configuration of the *COVID-19 Uniform Leave Police Time Off* calculation tag issue to determine if any unearned overtime or compensatory time needs to be adjusted or recovered from impacted officers.
- C.2:** Ensure that Workday is configured to correctly account for new codes affecting the computation of time worked for overtime.

^[1] Dallas City Code § 34-19 (a) (3)

Appendix A: Internal Controls Evaluation

Below is a comparison of required internal controls and best practices according to the International Association of Chiefs of Police Model Policy and City of Dallas and Dallas Police Department written procedures and unwritten practices tested by the auditors.

Internal Controls Evaluation

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
Payroll Controls		
Only Dallas Police Department uniform personnel below the rank of Major will earn overtime and compensatory time.	YES. City Code Sec. 34-19	Internal control works as intended.
Only non-exempt civilian Dallas Police Department personnel will earn overtime.	YES. City Code Sec. 34-17 and Sec. 34-24	Internal control works as intended.
All leaves (except holiday leave, mandatory city leave, and court leave) are deducted from weekly overtime calculations for civilian personnel.	YES. City Code Sec. 34-17	Internal control works as intended.
Sick leave and leave without pay are deducted from weekly overtime and compensatory time calculations for uniform personnel.	YES. City Code Sec. 34-19	"COVID-19 Uniform Leave Police Time Off" calculation tag was incorrectly included as time worked for determination of overtime or compensatory time for uniform employees. (See Observation C)
Maximum compensatory accrual for Dallas Police Department uniform personnel will be 480 hours.	YES. City Code Sec. 34-19	Internal control works as intended.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
Maximum compensatory accrual for Dallas Police Department exempt civilian personnel is 80 hours.	YES. City Code Sec. 34-24	Internal control works as intended.
All overtime is paid at 1.5 times regular pay.	YES. (Personnel Rules)	Not tested.
All compensatory time by uniform personnel is earned at 1.5 times overtime hours worked.	YES. (Personnel Rules)	Not tested.
IACP Model Policy - General Provisions		
Whenever reasonably possible, paid overtime will be used in lieu of unpaid compensatory time off.	NO.	Dallas Police Department does not have a requirement to use paid overtime instead of compensatory time.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
IACP Model Policy - Reporting, Recording, and Analysis		
All overtime worked shall be approved for payment by the designated supervisor.	YES. Dallas Police Department <i>General Order 206</i> .	A review of a judgmental sample of 412 overtime and compensatory time transactions showed that: <ul style="list-style-type: none"> • Only 5 overtime or compensatory time request documents could not be located (1.2 percent). • Only 4 requests were not reviewed by supervisors (1 percent).
The category of overtime work performed shall be coded in accordance with agency personnel procedures for recording and accounting.	YES. Workday payroll system prescribes a list of overtime codes to be used by Dallas Police Department.	For 52 of 412 transactions (12.6 percent), the overtime description on the manual card did not match the code recorded in the Workday payroll system. (see Observation A)
The category of overtime work performed shall be coded and forwarded to the designated agency unit for analysis.	YES. Dallas Police Department's Finance and Contract Management Unit performs an analysis of bi-weekly payroll overtime data and forwards it to Dallas Police Department Executive Management.	No written procedure. (see Observation B)
Paid overtime and unpaid compensatory time will be recorded separately.	YES. Workday payroll System records paid overtime and compensatory time separately.	Internal control works as intended.
Overtime expenditures shall be kept separately by function and by the agency unit in which the expenditure is incurred.	YES. Workday payroll System records paid overtime by individual and unit.	Internal control works as intended.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
Overtime funds expended under federal, or state grant programs will be accounted for separately from those in the general budget.	YES. Workday payroll System records paid overtime under federal or state grant programs separately.	Not within the scope of this audit. Not tested.
The designated entity shall provide individual and summary data of overtime worked to responsible agency supervisors and command personnel.	YES. Dallas Police Department's Finance and Contract Management Unit performs an analysis of bi-weekly payroll overtime data and forwards it to Dallas Police Department Executive Management.	No written procedure. (see Observation B)
Unit commanders and supervisors shall monitor individual and summary data reports of overtime expenditure.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.
<p>Unit commanders and supervisors shall monitor individual and summary overtime data to identify unusual, unexplained or disproportionate expenditures in overtime, which may include but are not limited to the following circumstances:</p> <ul style="list-style-type: none"> • Disproportionate overtime by individual officer(s) engaged in or assigned to the same task/function. • Significant and unexplained changes in overtime expenditures when compared to similar periods of time. • Significantly higher overtime costs for completion of the same or similar activities or tasks previously performed. 	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
Prevent expenditure of overtime at a rate that could exceed or negatively affect the agency's budget or that of individual units, programs or functions.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
IACP Model Policy - Overtime Management		
No task or function shall be performed on overtime by agency personnel that could otherwise be performed during regular work hours.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.
Supervisors shall establish and hold personnel responsible for a level of performance during standard work hours that minimizes the need for overtime and/or the need for additional personnel.	YES. General Orders and Standard Operating Procedures set performance levels for the Dallas Police Department personnel.	Not tested.
Only overtime required to meet vital service demands of the department shall be authorized.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.
All tasks and functions that require the use of overtime shall be routinely evaluated in terms of their cost-effectiveness. Alternatives to the use of premium pay to accomplish these tasks or program objectives shall be evaluated and implemented where appropriate.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.
All overtime must receive advance authorization unless unreasonable due to emergency circumstances.	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
Unit and watch commanders and designated supervisors are the personnel primarily responsible for authorizing and managing overtime.	YES. <i>General Order 206.</i>	A review of a judgmental sample of 412 overtime and compensatory time transactions showed that: <ul style="list-style-type: none"> • Only five overtime or compensatory time request documents could not be located (1.2 percent). • Only four requests were not reviewed by supervisors (1 percent).
Division or comparable level command staff must approve overtime requests designed to fill an on-going personnel vacancy or meet an unusually high yet foreseeable workload. (i.e., personnel vacancies are authorized staff positions left unfilled when vacated permanently or for extended and indefinite periods of time).	NO.	Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
<p>Supervisors and command staff shall take measures and issue directives where reasonably possible to reduce or limit the demand for overtime. This includes but is not limited to supervisory efforts to perform the following:</p> <ul style="list-style-type: none"> • Assign non-emergency service requests received near shift change to oncoming shift personnel. • Ensure that officers who make arrests late in their shift receive available assistance to process prisoners as quickly as possible. • Ensure that arresting officers in misdemeanor incidents conduct tests, take statements or witness any actions/procedures essential to prosecution so that only the officer will be needed to testify in court. Arrest reports should include only the minimum number of officers; those who were integral to the arrest and who must be subpoenaed in any subsequent court testimony. 	<p>NO.</p>	<p>Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.</p>
<p>Supervisors and command staff shall take measures and issue directives where reasonably possible to reduce or limit the demand for overtime. This includes but is not limited to supervisory efforts to perform the following.</p> <p>Anticipate and manage workload requirements where reasonable to best utilize standard duty hours.</p>	<p>NO.</p>	<p>Dallas Police Department does not have written procedures for this control. No documented evidence was provided to auditors to indicate that the control is used as an unwritten practice.</p>

Required Controls and Best Practices according to International Association of Chiefs of Police Model Policy	Does the Dallas Police Department have a related written policy or unwritten practice?	Audit Test Result
<p>Supervisors and command staff shall take measures and issue directives where reasonably possible to reduce or limit the demand for overtime. This includes but is not limited to supervisory efforts to perform the following.</p> <p>Manage and coordinate vacation, leave and related requests to minimize manpower deficiencies.</p>	<p>YES. <i>General Order 206.</i></p>	<p>While Dallas Police Department <i>General Order 206 (Section 206.06.B.5)</i> allows supervisors to alter employee schedule to minimize overtime and compensatory time usage, Dallas Police Department was unable to provide any documented evidence that supervisors indeed altered employee schedules to minimize overtime.</p>
<p>Ensure that agency overtime policy, rules and regulations and the particulars of any labor agreement are consistently adhered to by agency personnel as they relate to overtime for court appearances, standby, travel time, training, holiday leave, vacations and related matters.</p>	<p>YES. <i>General Order 206.</i></p>	<p>A review of a judgmental sample of 412 overtime and compensatory time transactions showed that:</p> <ul style="list-style-type: none"> • Only five overtime or compensatory time request documents could not be located (1.2 percent). • Only four requests were not reviewed by supervisors (1 percent).
<p>Coordinate efforts with the court/prosecutor's office to establish overtime limits and control overtime usage.</p>	<p>YES. <i>General Order 206.</i></p>	<p>Auditors did not test coordination between Dallas Police Department and the courts and prosecutors. However, the auditors tested Dallas Police Department's compliance with daily total work limit of 16 hours and a weekly total work limit of 112 hours. Auditors found that this internal control works as intended.</p>

Source: Office of the City Auditor

Appendix B: Background and Methodology

Background

Overtime expenditures at the Dallas Police Department have grown at an average rate of 6.5 percent in the last five years (with significant increases recorded in fiscal years 2019 and 2020) despite the basic controls implemented by the Dallas Police Department to manage overtime (see [Exhibit 4](#)). As a result, these expenditures continue to exert significant fiscal stress on the City of Dallas' budget (despite fairly stable staffing levels at the department (see [Exhibit 3](#) below).

Exhibit 3:

Dallas Police Department Staffing Levels

Fiscal Year	Uniform	Civilian	All	Growth Rate
2017	3,075	624	3,699	--
2018	3,033	568	3,601	-2.7%
2019	3,077	550	3,627	+0.7%
2020	3,161	506	3,667	+1.1%
2021	3,095	651	3,746	+2.2%

Source: City of Dallas Comprehensive Annual Financial Reports and DPD reports.

Overtime Expenditures

[Exhibit 4](#) demonstrates the overtime expenditure growth rate over time, with an average growth rate of 6.5 percent. According to the Dallas Police Department, overtime peaks in Fiscal Years 2020 and 2021 were due to several reasons beyond the Department's control, for example:

- Civil protests.
- Natural disasters.
- COVID-19.
- Increasing crime rates.
- Population growth.
- Salary increase for Dallas police officers.

Exhibit 4:

Overtime Expenditure Growth Rate over Time

Year	Overtime Expenditure	Growth Rate
2017	\$28,891,127	--
2018	\$27,729,310	-4.0%
2019	\$32,825,379	18.4%
2020	\$36,410,381	10.9%
2021	\$36,661,974	0.7%
Average Growth Rate Percentage:		6.5%

Source: AMS Accounting System.

During the audit period of October 1, 2018, to December 31, 2020, the City's payroll system shows that the Dallas Police Department incurred a total of 1,305,750 overtime hours, and the City of Dallas paid a total of \$78,695,699 in overtime pay to both uniform and civilian Dallas Police Department employees. In addition, during the same period, Dallas Police Department uniform employees earned 316,166 hours of compensatory time with an estimated cost to the City of \$13.8 million. (See [Exhibit 5](#) below).

Exhibit 5:Overtime and Compensatory Time Hours during the Audit Period
of October 1, 2018 to December 31, 2020 (all funds)

Uniform Overtime	Overtime Paid Hours	Compensatory Time Earned Hours	Total Hours
FY2019	463,078	142,113	605,191
FY2020	503,162	136,730	639,892
FY2021 - Q1 Actual	126,982	37,323	164,305
Uniform Subtotal	1,093,222	316,166	1,409,388
Civilian Overtime	Overtime Paid Hours	Compensatory Time Earned Hours	Total Hours
FY2019	86,361	-	86,361
FY2020	101,165	693	101,858
FY2021 - Q1 Actual	25,002	425	25,427
Civilian Subtotal	212,528	1,118	213,646
Grand Total	1,305,750	317,284	1,623,034

Source: Lawson Payroll System and Workday Payroll System

Exhibit 6 shows that after year-end adjustments for grant and enterprise fund reimbursements, Dallas Police Department overtime expenditures exceeded budget in the last three fiscal years.

Exhibit 6:

General Fund Overtime Expenditures (after year-end adjustments)

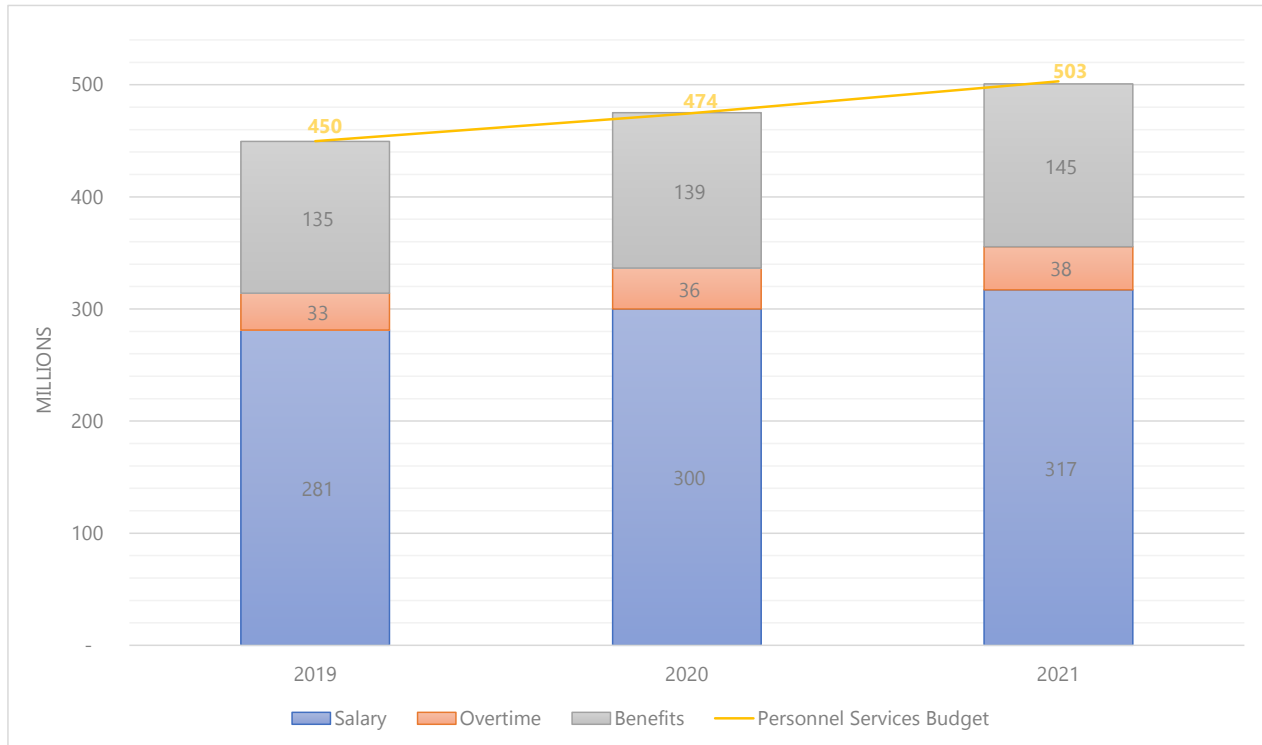
Uniform Overtime	Budget	Actual	Difference
FY2019	\$25,631,301	\$30,060,429	\$4,429,128
FY2020	\$26,497,849	\$33,134,326	\$6,636,432
FY2021	\$30,385,026	\$35,131,070	\$4,746,044
Civilian Overtime	Budget	Actual	Difference
FY2019	\$2,243,415	\$2,764,950	\$521,535
FY2020	\$2,327,071	\$3,276,055	\$948,984
FY2021	\$3,659,615	\$3,356,706	-\$302,909

Source: Budget versus Actual Report, Period 13.

However, despite the growth in the overtime expenditures, the Police Department’s personnel services expenditures remained under budget in fiscal years 2019 and 2021 due to accompanying savings in salaries and benefits because of unfilled positions. In fiscal year 2020, the Police Department’s personnel services expenditures were \$706 thousand over budget. (See Exhibit 7 on the next page.)

Exhibit 7:

General Fund Personnel Services Budget versus Actual



Source: Budget versus Actual Report, Period 13.

Dallas Police Department Overtime Procedures

Uniform Dallas Police Department employees ranked Captain and below are eligible to receive compensation of 1.5 times their regular rate of pay for any time worked in excess of 40 hours per work week after the deduction of only sick leave and leave without pay taken during the same work week.⁵ Uniform Dallas Police Department employees ranked Captain and below are also eligible to earn compensatory time (instead of overtime pay) at 1.5 times for every hour worked in excess of 40 hours per week.

Non-exempt civilian Dallas Police Department employees are eligible to receive compensation of 1.5 times their regular rate of pay for any time worked in excess of 40 hours per week after the deduction of all leave taken during the same work week except for holiday leave, mandatory city leave, and court leave.⁶ Non-exempt civilian Dallas Police Department employees are not eligible to earn compensatory

⁵ Dallas City Code § 34-19 (a) (2) and (6)

⁶ Dallas City Code § 34-17 (a) and (b)

time. Different approaches to calculating overtime hours for uniform and civilian personnel at the Dallas Police Department are illustrated in [Exhibit 8](#):

Exhibit 8:

Overview of Overtime or Compensatory Leave Earned for Uniform and Civilian Employees

Type of Work	Counts as Time Worked for Overtime or Compensatory Leave		Non Exempt Employee Example in Hours	
	Uniform	Civilian	Uniform	Civilian
Regular Hours	✓	✓	38	38
Holiday Leave	✓	✓		
Court Leave	✓	✓		
Mandatory City Leave	✓	✓		
Vacation Leave	✓	✗	16	16
Compensatory Leave	✓	✗		
Attendance Incentive Leave	✓	✗		
Military Leave	✓	✗		
Death-in-family Leave	✓	✗		
Approved Leave with Pay (Excused Absence)	✓	✗		
Approved Leave Without Pay (Excused Absence)	✗	✗		
Sick Leave	✗	✗		
Hours Paid for Week			54	54
Hours Worked for Computation of Overtime Pay or Compensatory Leave Earned			54	38
Overtime Hours Earned			14	0
Compensatory Leave Earned (instead of overtime pay for uniform only calculated at a rate of 14 overtime hours earned * 1.5)			21	0

Source: Office of the City Auditor

Overtime Request, Authorization, and Recording

Most overtime at the Dallas Police Department is unplanned and therefore does not require a formal pre-authorization; planned overtime is usually part of a crime fighting initiative or grant funded overtime. Dallas Police Department employees must record all overtime or compensatory time earned by the

employee's next working day. Most Dallas Police Department employees record overtime manually on handwritten overtime cards (pink) and compensatory time on compensatory (white) cards.

Employees are required to write down the following information on the cards:

- Name.
- Badge number.
- Date and time overtime was worked.
- The reason for overtime.
- Employee signature.

Employees' supervisors then must review and sign the cards. At some Dallas Police Department units, employees record their overtime and compensatory time, and supervisors approve it electronically in the Intelligent Workforce Management system.

Daily attendance records are maintained on manual timecards and detail sheets and in a city-wide payroll system, Workday, depending on the officer's assigned unit. Prior to the end of a bi-weekly payroll period, Dallas Police Department employees or designated timekeepers (such as first level supervisors and station sergeants in the Patrol Division) enter time worked by each employee into Workday. They enter payroll codes and hours into Workday and use overtime cards, compensatory cards, and entries in Intelligent Workforce Management as a source of information about how many hours of overtime (or compensatory time) an employee worked and what activity an employee performed on overtime during the pay period.

Methodology

To accomplish our audit objectives, we interviewed key personnel, analyzed payroll records, and reviewed applicable documentation. The risk of fraud, waste, and abuse was also considered along with all five internal control components of *Standards for Internal Control in Federal Government*.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those 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 upon our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Major Contributors to the Report

Lina Wang, CPA – In-Charge Auditor
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Shino Knowles, CPA

Appendix C: Management's Response

Memorandum



DATE: August 5, 2022
TO: Mark S. Swann – City Auditor
SUBJECT: Response to the Audit of Dallas Police Department Overtime – Final Report

This letter acknowledges the City Manager's Office received the *Audit of Dallas Police Department Overtime – Final Report* and submitted responses to the recommendations in consultation with the Dallas Police Department.

The Dallas Police Department recognizes the importance of balancing the best interests of community safety while ensuring fiscal responsibility. Further, we are pleased but not surprised that the auditor's testing did not reveal any unusual overtime or indicators of waste or abuse.

To ensure overtime is not excessive, the Dallas Police Department has multiple controls to justify and approve overtime at the individual officer level and periodic monitoring activity at the unit, division, and department levels.

The City previously recognized our time reporting process was cumbersome and inefficient. Therefore, in June 2020, the City implemented a robust human resource information system as phase one of an improved time reporting and human resource management project. Despite the success of this implementation overall, DPD recognizes that an additional component will be needed to fully utilize the efficiency of the human resource information system.

Therefore, the Dallas Police Department will thoroughly research time scheduling component solutions as part of phase two. If the Dallas Police Department's research concludes that a time scheduling component is feasible and a wise use of department funds, the Dallas Police Department will work with the Information & Technology Services Department and the Office of Procurement Services to submit a request to the City Council. However, the Dallas Police Department believes there is too much uncertainty regarding the cost, capabilities, and timeline of implementing a time scheduling component to commit to implementing the recommendation.

As the Dallas Police Department continues system enhancements and strives for excellence in its processes, City management agrees to:

- Implement a centralized overtime record-keeping system for uniform personnel;
- Review the model policy for suitable enhancements to the department's existing General Orders;

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- Prescribe a comprehensive process for analyzing overtime in the General Orders and standard operating procedures, as needed;
- Provide guidance in the General Orders that will support supervisors, but not replace individual judgment, in changing their officers' schedule to avoid overtime;
- Identify any officers with unearned overtime or compensatory time and recover any overpayments; and
- Develop a process to ensure new codes created in WorkDay correctly calculate overtime.

Sincerely,



T.C. Broadnax
City Manager

C: Genesis D. Gavino, Chief of Staff
Jack Ireland, Chief Financial Officer
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager
Eddie Garcia, Chief of Police, Dallas Police Department
Nina Arias, Director, Human Resources Department
Sheri Kowalski, Director, City Controller's Office

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Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
High	We recommend the Dallas Police Chief:			
	<p>A.1: Implement a reliable centralized overtime record keeping system to ensure that the following information is electronically recorded and is easily retrievable:</p> <ul style="list-style-type: none"> • Employee name, position, and unit. • Date and time overtime or compensatory time was requested or ordered. • Number of hours of overtime or compensatory time. • The reason for overtime • Date and time overtime or compensatory time was approved. • Record of approval by the supervisor with authority to approve overtime. • References to supporting documents. 	<p>Accept Risk:</p>	<p>The Dallas Police Department (DPD) is confident that its current processes provide supervisors, managers, and department leadership with adequate information to ensure overtime use is appropriate, justified, and generally accurately recorded.</p> <p>However, the City's budgetary constraints have resulted in DPD historically receiving incremental technology upgrades, rather than a comprehensive system upgrade or replacement for overtime record keeping. This has led DPD to utilize multiple processes and systems for tracking, approving, and retaining documentation related to employee overtime. As a result, documentation is not always easily retrievable, and the process is not optimized for efficiency.</p> <p>While DPD recognizes the benefits of having a centralized record-keeping system for maintaining all information related to employee overtime, there is too much uncertainty regarding the cost, timeline, and technology constraints to commit to implementing the recommendation at this time.</p> <p>However, DPD will commit to working with the Information Technology & Services Department and the Office of Procurement Services to thoroughly research solutions that will best mitigate the risks identified by the auditors and provide better transparency of overtime usage. After researching solutions, DPD anticipates proposing a record-keeping solution in accordance with AD 4-05, <i>Contracting Standards and Procedures</i>.</p>	N/A

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date	
Moderate	We recommend the Dallas Police Chief:				
	<p>B.1: Review the model policy developed by the International Association of Chiefs of Police's Law Enforcement Policy Center and incorporate overtime internal controls suitable for the Dallas Police Department into the General Orders (see Appendix A).</p>	Agree:	DPD will review the International Association of Chiefs of Police's model policy for suitability. Best practices considered suitable for DPD will be incorporated into the department's General Orders.	12/31/2022	6/30/2023
	<p>B.2: Revise General Orders to prescribe the following elements of overtime analysis:</p> <ul style="list-style-type: none"> • Type and description of the overtime information to be collected. • Purpose of the analysis. • Analysis description. • Standards and thresholds to compare against. • Management actions that will result from the analysis and comparisons. • What level of management is responsible for implementing and monitoring actions resulting from the analysis. 	Agree:	DPD has an existing process for analyzing overtime. DPD will implement a formal process to ensure a consistent and effective process that includes each step suggested in the recommendation.	12/31/2022	6/30/2023

Assessed Risk Rating	Recommendation	Concurrence and Action Plan	Implementation Date	Follow-Up/ Maturity Date
	B.3: Revise General Orders to include guidance for supervisors on how to change their officers' schedules to avoid overtime and how to document these changes.	Agree: DPD recognizes the importance of providing individual supervisors the flexibility to make the best decisions to minimize overtime, where practical. Therefore, DPD will provide general guidance with relevant examples demonstrating scenarios, methods, and documentation expectations when a supervisor alters an officer's schedule to avoid overtime. However, the guidance will support, but not replace, a supervisor's judgment.	12/31/2022	6/30/2023
Low	We recommend the City Controller and the Director of Human Resources:			
	C.1: Identify officers impacted by the incorrect configuration of the COVID-19 Uniform Leave Police Time Off calculation tag issue to determine if any unearned overtime or compensatory time needs to be adjusted or recovered from impacted officers.	Agree: The Human Resources Department and the City Controller's Office agree to implement the recommendation. Human Resources is in the process of updating the code's configuration in the human resource information system. Human Resources and the City Controller's Office will search the affected date range to identify unearned overtime and compensatory time. Lastly, CCO will recover any unearned pay.	12/31/2022	6/30/2023
	C.2: Ensure that Workday is configured to correctly account for new codes affecting the computation of time worked for overtime.	Agree: The Human Resources Department is developing a process to ensure new codes in the human resource information system (HRIS) are appropriately configured. The new process will require the Director of Human Resources, the Assistant Director - HRIS, the City Controller, and the Chief Information Officer to approve any additional codes before they are placed in production. However, as codes are not routinely added to the HRIS, we recognize it may take significant time before there is an opportunity to demonstrate the effectiveness of the new process.	12/31/2022	12/31/2023