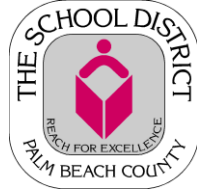


Special Review of
An Employee's Overtime Payroll in
School Police Department

August 25, 2017

Report #2017-07



MISSION STATEMENT

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

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**Special Review of
An Employee's Overtime Payroll in
School Police Department**

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PALM BEACH COUNTY, FLORIDA

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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Robert M. Avossa, Ed.D., Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: August 25, 2017

SUBJECT: Special Review of An Employee's Overtime Payroll in School Police Department

PURPOSE AND AUTHORITY

In response to a referral received by our office, we have reviewed the overtime payroll of the Confidential Administrative Assistant in the School Police Department. The primary objective of this review was to determine if overtime payroll for the employee complied with related *School Board Policies* and District's procedures.

SCOPE AND METHODOLOGY

This review covered the period October 18, 2015, through June 5, 2017. To accomplish the objective of this special review, we interviewed District staff and examined the following documents:

- The *Federal Fair Labor Standards Act (FLSA)*
- *School Board Policies 6.12, Overtime/Compensatory Time Off Under Certain Conditions*
- *District Bulletins:*
 - *#P-12950-CAO/COO/HR, Hold on Non-Instructional Personnel Hiring Extended*
 - *#P-13308-CAO/COO, Hiring and Travel Restrictions*
 - *#P-14837-COO/B, FY14 and FY15 Hiring Hold, Purchasing and Travel Restrictions*
- The employee's payroll records, including overtime authorizations and timesheets during October 18, 2015, through June 5, 2017

Draft for Management Response. The draft report was sent to management for review and comments. Management's comments are included in the Appendix.

Draft for Affected Party Response. In accordance with *School Board Policy 1.092(8)(b)(iv)*, a draft copy of this report was provided to the subject employee, who was given a 20-day opportunity to respond. No response was received from the subject employee.

We appreciate the courtesy and cooperation extended to us by District staff during the review. The final draft report was included in the August 25, 2017, Audit Committee Meeting Agenda.

BACKGROUND

The Office of Inspector General (OIG) received an anonymous referral on May 30, 2017 through the OIG's hotline. The complaint alleged that (1) an employee with the School Police Department fraudulently collected between \$75,000 and \$100,000 in overtime, and (2) as a salaried employee, the subject employee should not, by law, qualify to collect overtime.

CONCLUSIONS

This special review produced the following conclusions:

1. Subject Employee Eligible for Overtime

The subject is employed as a Confidential Administrative Assistant (CAA) by the School Police Department. As the department payroll contact, the employee is responsible for maintaining the departmental payroll records for School Police employees, in addition to other administrative duties including processing new hire personnel documentation, and maintaining departmental reports and correspondence. These duties include coding officers' overtime in order to invoice schools for officers' working for school activities, such as security for lessees and athletic events.

A full-time CAA works 260 days, eight hours per day, totaling 2,080 hours per year. Confidential employees are not required to use the biometric Time Collection Devices (TCD) for clock-in and clock-out. The District's PeopleSoft Payroll system presumes that an employee works 40 hours per week unless a manual adjustment is made to indicate employee took vacation, sick, or worked overtime. Adjustments to reported time are entered by an appointed payroll contact person for the department. As part of the internal controls through separation of duties, payroll contacts are unable to enter their own work hours. Instead, their work hours are entered into the payroll system by a different alternate payroll contact staff.

According to the School Board approved Job Descriptions, CAAs are classified as non-exempt employees; and non-exempt employees are eligible for overtime pay (time and a half) after 40 hours worked in a week pursuant to the *Federal Fair Labor Standards Act (FLSA)*. *FLSA* regulates overtime compensation and requires retention of records on which wage computations are based.

Department personnel produced approved time sheets that documented the activities performed by the employee during overtime hours worked. Causes for the CAA to work overtime may include:

- Processing officers’ overtime for allocation and billing
- Calculating payrolls based on officers’ bargaining agreement
- Verifying dispatchers’ time entries to meet payroll deadlines
- Reviewing TCD entries and clearing exceptions, if any
- Processing leave requests
- Processing travel reimbursements
- Processing department emails
- Processing new hire employee applications and personnel documentation

Overtime Earned by Subject Employee

**Table 1
Total Overtime Hours and Payment Received by Subject Employee**

Fiscal Year	Overtime Hours		Average OT Hours Per Pay Period	Total Overtime Payments**	% of Regular Pay
	Total Hours	% Change from Prior Year			
2014	288.75		11.11	\$11,062.73	23%
2015	379.75	32%	14.61	\$14,639.42	30%
2016	590.25	55%	22.70	\$23,760.23	43%
2017 ¹	740.00	25%	28.46	\$30,689.43	59%

Source: PeoppleSoft Payroll System

**Does not include retirement, Social Security, and Medicare taxes.

Table 1 indicates the amount of overtime hours and payments received by subject employee. It also reflects an increase for the past four years. Department staff offered the following reasons for the increase in overtime hours.

- There has been a substantial increase in school-related activities and lessee-related security needs, resulting in the need of officer overtime.
- The current **Collective Bargaining Agreement** with the Police Benevolent Association requires that officers “overtime compensation shall be paid on the pay date following the pay period that the overtime was worked.” The pay periods end on Fridays. As a result, officers’ and dispatchers’ overtime hours must be entered into the payroll system by noon on the following Monday in order to pay the affected employees as required by the labor agreement.

¹ At the time of review, records were completed and available through June 5, 2017.

It should be noted that the upcoming *Collective Bargaining Agreement*, effective July 1, 2017, has changed the payment date requirement to the “second” pay date following the pay period with the overtime. Department staff believes that this change will reduce the need of overtime by the CAA.

We were able to confirm that the CAA’s time recorded on the time sheets were accurately entered into the payroll system by the alternate payroll contact for School Police. Overtime pay was correctly calculated by the payroll system and with the correct pay rate. No exceptions were noted.

2. Overtime Not Preapproved in Writing

The employee’s supervisor stated that he pre-approved all employee overtime including subject employee, but his approval was verbal and not in writing. He was not aware the required *Expenditure Justification Form (PBSD 1862)* must be pre-approved in writing.

School Board Policy 6.12(1)(c) requires that overtime be preapproved in writing by the supervisor.

“All cash overtime or compensatory time shall be approved in writing by the appropriate administrator / supervisor prior to the time being worked. Any employee who works overtime hours without obtaining authorization may be subject to disciplinary action.”

Bulletin #P-14837-COO/B – FY14 and FY15 Hiring Hold, Purchasing and Travel Restrictions (issued April 8, 2014) redefines the need for a waiver with regards to hiring of certain employee groups. The exception for specific employee groups referred only to hiring for those positions. This bulletin states, *“Overtime requires an approved waiver prior to incurring the expense. Use of compensatory time in lieu of overtime pay does not require a waiver...”*

When employees are allowed to work overtime without the written pre-authorization, there is less assurance that the overtime work is properly justified, and could lead to unnecessary or excessive overtime costs to the District.

Recommendation

To ensure proper fiscal accountability and budgetary oversight, School Police should comply with *School Board Policy 6.12* which requires advance approval in writing by supervisors for all overtime. In addition, certain requests for overtime should be submitted to the District for preauthorization using the *Expenditure Justification Form (PBSD 1862)* as required by *Bulletin #P-14837-COO/B*.

Management’s Response from the Chief of School Police: *The current practice of processing overtime for the employees included in all areas aligned with the School Police Department have been in place for decades. These areas include School Police, Youth Court, Security Systems, and the 24-hour Emergency Communications Dispatch Center. There are a total of 257 employees allocated to these areas.*

When I was hired in July, 2012, as the new Chief of Police and Director of these areas, I was never informed that any changes needed to occur with procedures or policies with the pre-existing payroll procedures to include processing overtime. Since 2012, and prior to this audit there has not been any issue with these procedures.

Additional considerations:

The Collective Bargaining Agreement (CBA) between the Police Benevolent Association and the School Board that had been in effect also put additional burdens for the processing of overtime for the police officers. Article 17, 17.1(b). The CBA mandated that “payment for overtime had to be processed and paid on the pay date following the pay period the overtime was worked”.

Remedies:

The current Collective Bargaining Agreement between the Police Benevolent Association and the School Board has been changed. Article 17, 17.1, states, “The overtime payments shall be paid on the second pay date following the pay period that the overtime was worked”.

Additional support staff such as a full-time payroll technician instead of the police chief’s confidential secretary to process overtime for the department.

(Please see page 6.)

OIG Comments/Further Actions: To further enhance the implementation of ***School Board Policy 6.12(1)(c)*** that requires overtime be pre-approved in writing by the supervisor, the District should consider establishing guidance to manage individual employee overtime, including assessing staffing levels in light of aggregate overtime, and taking into account of the potential financial impacts.

OIG will issue a Management Advisory for Financial Management and Human Resources Divisions to address these issues and potential fiscal impacts.

– End of Report –

Management's Response



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

LAWRENCE J. LEON
CHIEF OF POLICE

DONALD E. FENNOY II, Ed.D.
CHIEF OPERATING OFFICER

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August 9, 2017

MEMORANDUM

TO: Mr. Lung Chiu, Inspector General
Office of Inspector General

FROM: Lawrence J. Leon, Chief
School Police Department

SUBJECT: Special Review of an Employee's Overtime Payroll in School Police Department

RECEIVED
AUG 10 2017
INSPECTOR GENERAL

Thank you for the opportunity for me to respond to some of your observations that you provided to me in your "Special Review of an Employee's Overtime Payroll in School Police Department" dated July 18, 2017. Here is my response:

The current practice of processing overtime for the employees included in all areas aligned with the School Police Department have been in place for decades. These areas include School Police, Youth Court, Security Systems, and the 24-hour Emergency Communications Dispatch Center. There are a total of 257 employees allocated to these areas.

When I was hired in July, 2012, as the new Chief of Police and Director of these areas, I was never informed that any changes needed to occur with procedures or policies with the pre-existing payroll procedures to include processing overtime. Since 2012, and prior to this audit there has not been any issue with these procedures.

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Management's Response

Mr. Lung Chiu, Inspector General
August 9, 2017
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Additional support staff such as a full-time payroll technician instead of the police chief's confidential secretary to process overtime for the department.

If you need clarification on any of these issues, please feel free to contact me.

LJL:pvh

cc: Donald E. Fennoy II, Ed.D.