



**CITY OF OAKLAND**  
Office of the City Auditor

## **CITY AUDITOR**

**Courtney Ruby,**  
CPA, CFE

## **AUDIT TEAM**

**Mike Edmonds, CIA**  
Assistant City Auditor

**Orshi Kovesdi, MBA**  
Senior Performance  
Auditor

**Daniel Williams**  
Performance Auditor

# **PERFORMANCE AUDIT**



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**Oakland Police Department Overtime**  
FY 2014-15 through FY 2017-18

**June 10, 2019**

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Phone: (510) 238-3378

Email: [CityAuditor@OaklandCA.gov](mailto:CityAuditor@OaklandCA.gov)

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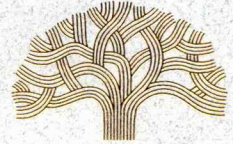
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# CITY OF OAKLAND



CITY HALL • ONE FRANK H. OGAWA PLAZA, 4TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Auditor  
Courtney A. Ruby, CPA  
City Auditor

(510) 238-3378  
FAX (510) 238-7640  
TDD (510) 238-3254  
[www.oaklandauditor.com](http://www.oaklandauditor.com)

June 10, 2019

OFFICE OF THE MAYOR  
HONORABLE CITY COUNCIL  
CITY ADMINISTRATOR  
RESIDENTS OF OAKLAND  
OAKLAND, CALIFORNIA

## **RE: OAKLAND POLICE DEPARTMENT OVERTIME PERFORMANCE AUDIT FOR FISCAL YEARS 2014-15 THROUGH 2017-18**

Dear Mayor Schaaf, City Council President Kaplan, Members of the City Council, City Administrator Landreth, and Oakland residents:

Attached is the Oakland Police Department (OPD or the Department) Overtime Performance Audit for FY 2014-15 through FY 2017-18. The Office of the City Auditor (Office) conducted a performance audit to assess the Department's current overtime practices, which included determining whether substantial actions were taken to address the findings and recommendations from the OPD Overtime Performance Audit report issued in 2015.

The audit objectives included:

- Assessing the Administration's overtime budgeting process;
- Assessing the internal fiscal management practices related to overtime expenditures;
- Determining whether controls over reimbursable overtime costs (including special events) are adequate to ensure the City is reimbursed accurately and timely; and
- Assessing possible safety and performance consequences of excessive and chronic overtime.

OPD has averaged nearly \$30 million in overtime costs over the last four fiscal years. The City needs to provide the residents of Oakland with assurance that all overtime worked is necessary and justified in support of OPD's mission to reduce crime and serve the community through fair, quality policing. Additionally, budgetary practices need to be based upon realistic assumptions to ensure appropriate transparency and accountability.

The audit found that while OPD has taken some steps to slow the growth of overtime costs, the City still needs to take significant steps to better manage overtime and increase transparency on the true costs of overtime.



One of the most significant areas of concern is the City's practice of budgeting police overtime, which lacks transparency and accountability, and continues to take a significant amount of time and effort by our City leadership to rein in. The Police overtime budget has been consistently underfunded, is not based upon historical trends, does not net out reimbursable overtime, and has relied upon vacancies in the Department to indirectly fund the anticipated deficit. Ultimately, other City priorities suffer when the Department's deficits must be covered.

Another area of concern is the Department's voluntary overtime policy; it is not being adhered to and many officers are working excessive overtime. While overtime is a necessary part of police work, working an unsafe number of hours can lead to significant health and safety consequences for our officers and our community. We recommend the Department adhere to its current policy, and ultimately revise it, to ensure we are adequately minimizing adverse outcomes for our community and officers.

On the positive side, OPD has hired more officers and eliminated the practice of mandatory overtime, which has led to OPD reducing overtime hours by 20 percent. The City's overtime costs did not realize a corresponding decrease because of rising personnel costs. OPD also reduced the hours lost due to injury by an equivalent of 24 positions and has better management reporting systems to monitor overtime usage than it did four years ago.

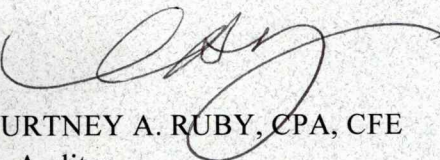
I want to point out that the scope of this report was only through FY 2017-18. Although the current fiscal year was not assessed, our preliminary review indicates the same budgetary trends and practices, highlighted in this report, are continuing in FY 2018-19.

The Administration's response is included at the end of the report. Overall, we are pleased that OPD and the Administration have agreed to implement 17 of the 21 report recommendations. This is indicative of a strong commitment to address the issues identified in the audit. OPD partially agrees with two recommendations and disagrees with two. For the two recommendations it partially agrees with, OPD has provided alternatives that we believe address the recommendations. For the other two recommendations, we encourage OPD to reconsider implementing them, given the risk involved with officer fatigue and the inherent conflict regarding special event scheduling.

I know the Administration and City Council have been engaged in thoughtful dialogue to address the consistent underfunding of police overtime. I hope this report contributes to your process and encourages a more transparent and accountable budget practice for police overtime.

I want to express our appreciation to the City Administration, Police Department and staff, for their cooperation and commitment to addressing the concerns highlighted in the audit.

Respectfully submitted,



COURTNEY A. RUBY, CPA, CFE  
City Auditor



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# Executive Summary

## OVERVIEW

The Office of the City Auditor (Office) conducted a performance audit to assess the Oakland Police Department's (OPD or the Department) current overtime practices, which included determining whether substantial actions were taken to address the findings and recommendations from the OPD Overtime Performance Audit report issued in 2015.

## BACKGROUND

The 2015 report revealed OPD's overtime costs skyrocketed from \$13.9 million in Fiscal Year (FY) 2010-11 to \$24.7 million in FY 2013-14. The increase in overtime costs was largely due to OPD imposing mandatory overtime to compensate for losing 217 sworn staff between 2009 and 2013.

The report included three findings: 1) OPD has taken steps to manage overtime, but more can be done; 2) OPD needs to take additional measures to ensure that all overtime is properly justified and compensated; and 3) OPD needs to recover overtime costs from special events in a timely manner. The 2015 report also included 13 recommendations to address these findings.

## OBJECTIVE

The objective of this audit was to assess OPD's current overtime practices and whether the City's Administration (City) and OPD have taken substantial actions to implement the 2015 audit report's recommendations.

## WHY THIS AUDIT MATTERS

OPD has averaged nearly \$30 million in overtime costs over the last four fiscal years. Accordingly, the City needs to provide the residents of Oakland with assurance that all overtime worked is necessary and justified in support of OPD's mission to reduce crime and serve the community through fair, quality policing. Additionally, budgetary practices need to be based upon realistic assumptions to ensure appropriate transparency and accountability.

# Executive Summary

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## KEY FINDINGS

- OPD has hired more officers since the 2015 audit, increasing the authorized staffing level by 87 officers from 707 officers in FY 2014-15 to 794 officers in FY 2017-18. OPD no longer requires officers to work mandatory overtime on a regular basis.
- OPD has reduced its overtime hours for sworn staff by 20 percent, from nearly 390,000 hours in FY 2014-15 to 311,000 hours in FY 2017-18.
- The City implemented a Medical Provider Network in 2015 and the hours lost to workers' compensation have dropped from 109,000 hours in FY 2010-11 to approximately 58,000 hours in FY 2017-18, a reduction equivalent to 24 positions.
- The City still does not realistically budget for overtime. OPD has exceeded its overtime budget by an average of \$13.7 million over the last four fiscal years. The City has not considered historical spending in developing a balanced budget nor does it recognize reimbursable overtime revenues, thus contributing to the City consistently underfunding OPD's overtime budget.
- Although OPD has developed better reports for monitoring overtime since the 2015 audit, these reports are not timely and OPD management staff does not consistently use them. Additionally, the Department has not taken sufficient steps to document the authorization and approval of overtime.
- OPD still does not collect payments in advance of special events, as the Municipal Code requires. The Department continues to lack policies and procedures to ensure invoices to recover costs from staffing special events are processed in a timely manner. Also, OPD does not adequately enforce a provision in the Memorandum of Understanding (MOU) between the City of Oakland and the Oakland Police Officers Association (OPOA) prohibiting officers from receiving compensatory time off (comp time) for working special events. One officer is responsible for most decision-making including planning, determining the number of officers needed to staff an event, and invoicing the event sponsor. In fact, this officer is the second highest OPD overtime earner for the last five fiscal years, and he consistently assigned himself to work many of the special events.
- OPD does not enforce its Departmental Voluntary Overtime Policy and several sworn staff continue to work excessive overtime hours. We identified three sworn staff that worked more than 70 days without a day off, in violation of the Department's policy. We also identified instances in which OPD staff worked overtime when they were on paid leave such as sick, holiday, bereavement, military, and family medical leave, in violation of the Department's policy.
- The City has not addressed any of the questionable compensation practices identified in the 2015 audit report. For instance, Oakland and San Francisco have the highest comp time limit of the 10 largest cities in California. The MOU also allows sworn staff to defer overtime pay and be paid later. This practice is unique to Oakland and creates an administrative burden to process the deferred payments.

# Executive Summary

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- Although OPD uses a Medical Provider Network, and lost hours due to injuries has declined, the Department has not worked with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.

## RECOMMENDATIONS

1. The City should continue to work towards a realistic overtime budget to fund overtime and continue to work on reducing overtime hours.
2. The Department should continue working towards becoming fully staffed.
3. The City Administration should net the reimbursements received for OPD's overtime costs in OPD's overtime budget to provide a truer picture of OPD's overtime costs.
4. The Department should update its 1999 overtime management policy.
5. The Department needs to develop a management reporting system that provides timely, accurate, and complete information on overtime usage.
6. The Department should develop and implement policies and procedures to ensure all overtime forms are accounted for and reconciled to overtime claimed, including but not limited to:
  - Overtime reconciliation must be consistently performed and documented by payroll coordinators.
  - Payroll should reconcile payroll coordinators' overtime forms to ensure all overtime forms are accounted for.
7. The Department should work on implementing an integrated overtime management and scheduling system.
8. The Department should develop and implement written policies and procedures to ensure invoices and payments for special events are processed in a timely manner and in accordance with the Municipal Code.
9. The Department needs to provide more management oversight over the process of assigning officers to special events to ensure that the process is fair and appropriately staffed.
10. The City Administration should consider immediately transferring the planning and scheduling responsibilities for special events to a unit in OPD where there would be no inherent conflicts.
11. The Department should adhere to the provision in the MOU between the City and OPOA prohibiting sworn staff from receiving comp time for working reimbursable special events.
12. The Department should consider setting limits on the number of overtime hours an employee can earn in a fiscal year, excluding mandatory overtime.
13. The Department should either adhere to its Voluntary Overtime Policy or revise it.



## Executive Summary

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14. The Department should review all situations when staff are working overtime, provide written authorization for exceptions, and implement appropriate management controls to monitor when staff may work voluntary overtime and when staff may not work voluntary overtime.
15. The Department should work on implementing an integrated management and scheduling system that will allow it to track MOU and Policy requirements.
16. The City Administration should negotiate with the OPOA to reduce the comp time accrual limit.
17. The City Administration should negotiate with the OPOA and the Oakland Police Management Association (OPMA) to eliminate the provision that allows sworn staff to defer overtime payments.
18. The City Administration should discontinue the informal practice of buying back comp time.
19. The City Administration should review the educational pay incentives for the Department Management in the next MOU Negotiations.
20. The City Administration should update Administrative Instruction 124 to reflect current Fair Labor Standards Act regulations.
21. The Department should work with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.

# Introduction and Background

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The Office of the City Auditor released the OPD Overtime Performance Audit report (report) in January 2015 in response to public concern regarding overtime overspending in the Oakland Police Department (OPD or Department). The report identified several factors that contributed to the overtime issues in the Department. These factors included staffing reductions, which led to OPD management imposing mandatory overtime, inadequate funding to pay for increasing overtime costs, inadequate internal controls to authorize, document, and monitor overtime usage, questionable pay practices that needed to be addressed in labor negotiations, and insufficient systems for managing lost time due to officer injuries. The audit also identified inadequate controls for obtaining reimbursements for officers working special events.

To address these findings the report issued 13 recommendations noting the Department should:

1. Develop, implement, and maintain a written overtime management plan that includes overtime targets by organizational unit, regular reports on progress in meeting these targets, and variance reports explaining why the targets were not met.
2. Develop and implement a comprehensive system of management reporting on overtime. These reports should include, but not be limited to:
  - Expenditures compared to budgeted,
  - The cost of mandatory or special categories of overtime,
  - Patrol districts sorted from greatest to smallest for total overtime expenditures, and
  - Police activities sorted from greatest to smallest and grouped by unit.
3. Along with the City Administration, negotiate with the Oakland Police Officers' Association (OPOA) to further reduce the compensatory time off (comp time) accrual limit.
4. Work with the Administration on the implementation of the Medical Provider Network to improve treatment for injured officers and reduce the costs associated with officer injuries.
5. Work with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.
6. Work with the Administration to develop an overtime budget to submit to the City Council that reflects realistic estimates of overtime costs, without reducing service levels.
7. Continue to focus on hiring new officers.
8. Form a labor-management committee, as required by the Memorandum of Understanding (MOU), to address the issue of rest periods.

# Introduction and Background

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9. Develop and implement policies and procedures to ensure all overtime forms are accounted for and reconciled to ensure:
  - Overtime reconciliation is consistently performed and documented by payroll coordinators, and
  - Supervisors reconcile payroll coordinators' overtime forms to make certain all overtime forms are accounted for.
10. Negotiate with the OPOA to eliminate the provision allowing sworn staff to defer overtime payments.
11. Discontinue the informal practice of buying back comp time.
12. Develop and implement written policies and procedures to ensure that invoices and payments for special events are processed in a timely manner and in accordance with the Municipal Code, which requires that the costs be paid prior to the special event.

The report also recommended the City Administration should:

13. Update Administrative Instruction 124 to reflect current Fair Labor Standard Act (FLSA)<sup>1</sup> regulations, including, but not limited to, reviewing job duties against FLSA exemption criteria and clearly indicating FLSA exemption status for all City positions.

## Background

The mission of the Oakland Police Department is to reduce crime and serve the community through fair, quality policing. OPD must accomplish this with limited resources in a city with one of the highest crime rates per officer in the country.

The Chief of Police oversees the Oakland Police Department. The Chief of Police has five direct reporting units: Intelligence Unit, Office of the Inspector General, Internal Affairs Division, Chief of Staff, and Assistant Chief of Police.

### OPD Bureaus

The Assistant Chief of Police oversees four bureaus: Field Operations 1, Field Operations 2, Bureau of Investigations, and Bureau of Services, as well as the Training Division and Ceasefire.

The Bureau of Field Operations 1 and 2 staff the five patrol areas and neighborhood services. Bureau of Field Operations 2 is also responsible for Special Operations and Traffic Operations.

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<sup>1</sup> Fair Labor Standard Act (FLSA) establishes standards for overtime to ensure that employees are properly compensated depending on their overtime exemption status.



# Introduction and Background

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The Bureau of Investigations is responsible for various investigative units within OPD. These units include the Homicide Section, the Special Victims Section, and the Robbery and Burglary Section.

The Bureau of Services is responsible for the Department's administrative services such as: Fiscal, Personnel, and Communications.

The Bureau of Field Operations 1 and 2, and Bureau of Investigations is primarily staffed with sworn personnel. The Bureau of Services is staffed mostly with non-sworn personnel.

## Staff and Overtime

Most OPD sworn staff<sup>2</sup> are eligible for overtime compensation and they are compensated at 1.5 times for each hour worked as overtime.

Eligible sworn and non-sworn staff<sup>3</sup> can elect to take overtime compensation as:

- Pay
- Comp time

OPD staff work overtime<sup>4</sup> based on departmental needs. The following are the major types of overtime:

- Acting Higher Rank
- Administrative Investigation
- Backfill
- Callback
- Canine
- Community Meeting
- Court
- Extension of Shift
- Holiday
- Recruiting/Background
- Special Events
- Special Enforcement
- Training

These overtime categories are described in Appendix A.

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<sup>2</sup> Sworn police officers take an oath to support the constitution, their state, and the laws of the jurisdiction in which they work. They can make arrests and carry firearms.

<sup>3</sup> Non-sworn staff do not take an oath and may carry out basic police/investigative work, front desk duties, records management, clerical, accounting and administration jobs, evidence management responsibilities, public relations and media specialist positions.

<sup>4</sup> Overtime is work performed by staff beyond the regular work hours per week.

# Objective, Scope, and Methodology

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## Objective

The purpose of this report was to audit current OPD overtime practices, which includes determining whether the City and OPD have taken substantial actions to implement the 2015 report's recommendations.

The audit objectives were as follows:

1. Assess the Administration's overtime budgeting process for the Oakland Police Department, including the development of a budget that is realistic and manageable;
2. Assess the internal fiscal management practices of the Department and to determine whether internal controls are sufficient to ensure accurate management of overtime expenditures including properly tracking, approving, processing, and recording overtime worked accurately;
3. Determine whether controls over reimbursable overtime costs (including special events) are adequate to ensure the City is reimbursed accurately and timely; and
4. Assess possible safety and performance consequences of excessive and chronic overtime.

## Scope

The audit scope covers:

- FY 2017–18 for testing controls, and
- FY 2014–15 through FY 2017-18 for assessing trends.

## Methodology

- Reviewed the Department's General Orders, policies and procedures.
- Interviewed the Department's command staff, as well as civilian division managers and staff.
- Reviewed the Department's previous staff reports and other documentation.
- Reviewed academic journal articles and comparable audits.
- Conducted benchmarking of staffing and overtime budgeting practices related to the Department.
- Reviewed relevant MOU's provisions between the City and the OPOA, Oakland Police Management Association (OPMA), Service Employees International Union (SEIU) and International Federation of Professional and Technical Engineers (IFPTE).
- Reviewed the Office of the Inspector General quarterly progress reports related to management of overtime.
- Reviewed overtime slips, payroll records, and payment records.
- Reviewed Federal, State, and local regulations.
- Analyzed data on staffing and budget from the City's financial database and data provided by the Department.

## Statement of Compliance

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### Statement of Compliance with Government Auditing Standards

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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



# Audit Results

## Finding 1: The City Still Does Not Realistically Budget for Police Overtime Costs

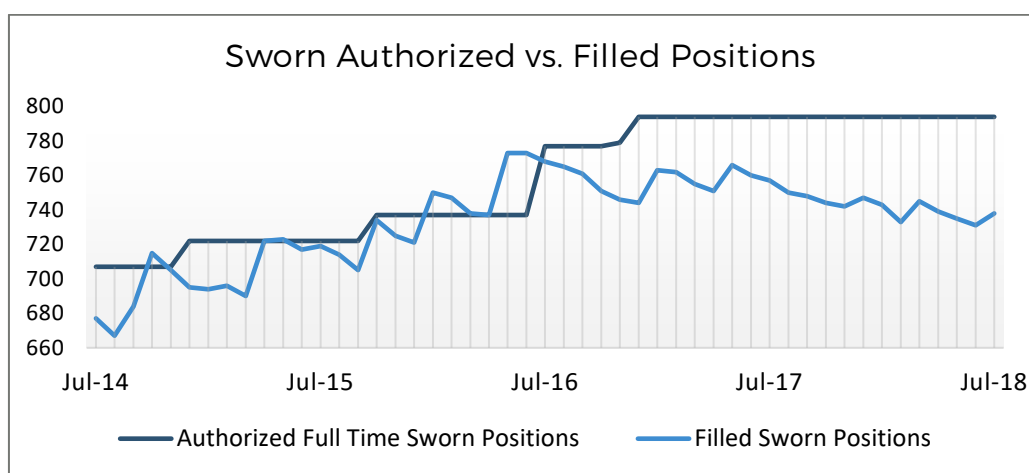
The 2015 report revealed OPD's overtime costs for all staff skyrocketed from \$13.9 million in Fiscal Year<sup>5</sup> (FY) 2010-11 to \$24.7 million in FY 2013-14. The increase in overtime costs was largely due to OPD imposing mandatory overtime,<sup>6</sup> as the Department lost 217 sworn staff between 2009 and 2013. The City did not realistically budget for these increased overtime expenses and therefore, OPD exceeded their total budget by \$10.4 million in FY 2013-14. To address these issues, the report recommended the Department hire more sworn staff and the City develop realistic budgets for overtime costs.

OPD has increased its staffing levels since 2015 and eliminated mandatory overtime. Although OPD's overtime costs continue to rise, overtime *hours* for sworn staff have dropped significantly. The City, however, still does not realistically budget for police overtime.

### Staffing levels have increased

In FY 2017-18, OPD had 794<sup>7</sup> authorized sworn positions,<sup>8</sup> which is 87 more positions than the 707 positions authorized in FY 2014-15. As shown in Exhibit 1, the actual number of sworn officers increased from a low of 677 in July 2014 to a high of 773 in June 2016. In the next two years, the Department's sworn staffing declined by 42 officers, or 5 percent, to 731 sworn staff. The sworn staffing numbers fluctuate month to month due to: retirement, resignation, new hires, new police officer training hires, termination and other attrition factors.

**Exhibit 1:** OPD's authorized and filled sworn staff positions between July 2014 and June 2018



Source: OPD Personnel Hiring, Attrition and Demographic Data Reports

<sup>5</sup> The City's fiscal year is July 1 through June 30.

<sup>6</sup> Mandatory overtime is when an employer requires employees to work more than their regularly scheduled work week. Oakland implemented mandatory overtime from October 2012 through October 2014.

<sup>7</sup> Two positions were eliminated from the authorized staffing level (from 794 to 792 positions) as of September 2018 due to the California Office of Traffic Safety grant expiration.

<sup>8</sup> Authorized positions are all regular positions included in the approved FY 2017-18 Budget.

# Audit Results

## Overtime costs continue to rise

OPD significantly and consistently exceeded its overtime budget over the past four fiscal years since the City Auditor's report was issued in January 2015.

Exhibit 2 reveals that in FY 2014-15 OPD exceeded its overtime budget<sup>9</sup> by \$14.4 million or 84 percent; in FY 2015-16 by \$12.4 million or 78 percent; in FY 2016-17 \$13.3 million or 84 percent; and in FY 2017-18 by \$14.8 million or 93 percent.

Exhibit 2 also shows that sworn staff accounted for \$26.7 million, or 87 percent of overtime expenditures in FY 2017-18, while non-sworn staff accounted for \$3.9 million or 13 percent of total overtime expenses.

**Exhibit 2:** Four-year summary of budgeted overtime cost versus actual overtime expenditures for all funds for sworn and non-sworn staff

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
<b>Overtime Budget</b>	\$17,251,358	\$15,906,785	\$15,780,319	\$15,895,574
<b>% Overtime Budget Change</b>		-8%	-1%	1%
<b>Sworn Staff Expenditures</b>	\$28,445,622	\$24,891,410	\$25,314,362	\$26,725,157
<b>Non-Sworn Staff Expenditures</b>	\$3,249,839	\$3,439,984	\$3,732,715	\$3,935,196
<b>Total Overtime Expenditures</b>	\$31,695,461	\$28,331,394	\$29,047,077	\$30,660,353
<b>Budget Deficit</b>	(\$14,444,103)	(\$12,424,609)	(\$13,266,758)	(\$14,764,779)
<b>% Budget Deficit</b>	84%	78%	84%	93%

Source: Prepared by City Auditor Staff using Oracle, the City's Financial Reporting System.

## Reimbursable overtime is not reflected in the budget

OPD's overtime budget does not include the revenues to reimburse the City for OPD's overtime costs associated with staffing special events such as parades and sporting events, as well as other reimbursements the City receives to offset OPD's overtime costs. In FY 2017-18, the City received \$6.12 million in reimbursements to offset OPD's overtime costs associated with working special events (This issue is discussed in more detail in Finding 3).

Including the reimbursements in OPD's overtime budget would enhance transparency on the true costs of overtime. Netting the reimbursements in OPD's overtime budget in FY 2017-18 would decrease OPD's overtime budget deficit to approximately \$8.6 million, or 54 percent over budget.

Budget Deficit	\$14.76 Million
Reimbursements	\$6.12 Million
Net Budget Deficit	\$8.64 Million

<sup>9</sup> OPD's adjusted overtime budget includes the Adopted Budget plus other transfers and appropriations for all funds.

# Audit Results

## Sworn overtime hours have decreased

Although OPD has overspent its overtime budget, sworn overtime hours have decreased from 389,584 hours in FY 2014-15 to 311,351 hours in FY 2017-18. Non-sworn hours have stayed relatively consistent with 69,646 hours in FY 2014-15 and 65,069 hours in FY 2017-18. Exhibit 3 shows the decrease in total overtime hours between FY 2014-15 and FY 2017-18.

**Exhibit 3:** Four-year summary of sworn and non-sworn staff overtime hours

Overtime Hours	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
<b>Sworn</b>	389,584	328,101	316,647	311,351
<b>Non-Sworn</b>	69,646	67,748	69,086	65,069
<b>Total</b>	<b>459,230</b>	<b>395,849</b>	<b>385,733</b>	<b>376,420</b>

Source: Prepared by City Auditor Staff using Oracle, the City's Financial Reporting System.

Exhibit 4 shows overtime hours totals for sworn staff by the categories of overtime (See Appendix A) and the percentage change from the previous fiscal year for the period FY 2014-15 through FY 2017-18.

**Exhibit 4:** Overtime hours by categories for sworn-staff from FY 2014-15 through FY 2017-18

Overtime Categories	FY 2014-15	FY 2015-16		FY 2016-17		FY 2017-18	
	Hours	Hours	% Change (over prior FY)	Hours	% Change (over prior FY)	Hours	% Change (over prior FY)
Backfill	72,934	68,374	-6%	50,489	-26%	41,709	-17%
Special Events/Enforcement	155,290	104,702	-33%	122,372	17%	129,377	6%
Extension of Shift	70,653	60,279	-15%	64,699	7%	56,920	-12%
Training	19,315	22,035	14%	17,645	-20%	24,057	36%
Holiday	23,871	26,282	10%	26,592	1%	24,827	-7%
Callback	12,989	10,924	-16%	10,178	-7%	9,556	-6%
Recruiting/Background	8,229	7,975	-3%	4,774	-40%	8,527	79%
Acting Higher Rank	8,269	8,012	-3%	5,405	-33%	4,406	-18%
Administrative Investigation	9,313	9,129	-2%	9,020	-1%	8,725	-3%
Court	6,449	8,358	30%	4,325	-48%	3,188	-26%
Canine	1,323	1,345	2%	731	-46%	0	-100%
Community Meetings	949	686	-28%	417	-39%	59	-86%
<b>Total</b>	<b>389,584</b>	<b>328,101</b>	<b>-16%</b>	<b>316,647</b>	<b>-3%</b>	<b>311,351</b>	<b>-2%</b>

Source: Prepared by City Auditor Staff using Oracle, the City's Financial Reporting System.



# Audit Results

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Exhibit 4 reveals overtime hours have declined for many of the overtime categories from FY 2014-15 through FY 2017-18. As the shaded area in the exhibit demonstrates, Special Events/Enforcement, Backfill, and Extension of Shift, which account for more than 70 percent of sworn overtime hours, all declined from FY 2014-15 through FY 2017-18. Notably, the overtime hours for backfill, which is used to fill positions for absent assigned staff, has declined annually from nearly 73,000 hours in FY 2014-15 to 41,700 hours in FY 2017-18. This result is likely due to OPD no longer requiring mandatory overtime.

## Historical overtime costs have not been considered in the budget process

The City is required to have a balanced budget.<sup>10</sup> To achieve a balanced budget and address other City-wide priorities, it appears historical spending on overtime is not considered. Rather, to offset overtime costs, the City has consistently relied on salary savings from vacancies to pay for overtime.

Between FY 2015 and 2018, the City decreased OPD's total sworn and non-sworn staff overtime budget by \$1,355,783, or 7.9 percent, from \$17,251,357 in FY 2014-15 to \$15,895,574 in FY 2017-18 (as seen in Exhibit 2). Despite the historical overspending in overtime costs, the overtime budget was reduced by \$500,000 in FY 2017-18.

Additionally, the salaries of both sworn and non-sworn staff have increased between FY 2014-15 and FY 2017-2018. As a result, total personnel salary costs increased by 14 percent from \$81.2M in FY 2014-15 to \$92.2M in FY 2017-18. Moreover, the salaries of sworn staff, who account for 87 percent of total overtime costs, increased by 19 percent without corresponding increases in OPD's overtime budget.

## Recommendations

1. The City should continue to work towards a realistic overtime budget to fund overtime and continue to work on reducing overtime hours.
2. The Department should continue working towards becoming fully staffed.
3. The City Administration should net the reimbursements received for OPD's overtime costs in OPD's overtime budget to provide a truer picture of the OPD's overtime costs.

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<sup>10</sup> A balanced budget is a financial plan that stipulates expenditures should equal revenues and not create a deficit for the City for each fiscal year.

## Audit Results

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### Finding 2: OPD Needs to Improve Management and Operational Controls to Ensure All Overtime Is Adequately Managed, Properly Authorized, and Approved

The 2015 audit identified that OPD did not have a written overtime management plan including targets to reduce overtime or performance reports to monitor progress toward these targets. The audit also revealed that OPD lacks policies and procedures around internal controls to ensure all overtime forms are accounted for and reconciled to the overtime claimed. The audit found 36 percent of the 103 overtime forms sampled for FY 2012-13 were missing and the payroll system did not allow supervisors to view all fields related to overtime prior to approving timecards. The 2015 report recommended OPD develop and implement a comprehensive system of management reporting on overtime and develop policies and procedures for monitoring overtime.

The current audit determined the Department has taken steps to manage overtime, but additional measures are needed to ensure all overtime is properly justified and compensated.

#### Overtime management controls are insufficient

OPD is not alone in its struggle to manage and control overtime. Many other local jurisdictions struggle to manage and control overtime. According to a study by the National Institute of Justice,<sup>11</sup> overtime should be viewed, within limits, as an unavoidable cost of policing. Overtime cannot be eliminated regardless of the number of police officers employed because of inevitable court appearances, shift extensions, and unpredictable events.

The study also notes that reliance on overtime may have harmful consequences including police officer exhaustion, lower morale, and an expectation of overtime pay.

The study further states that the key to improving overtime management is foresight on the part of senior officers, which requires attention to analysis, recordkeeping, and supervision.

Since the 2015 audit, the Department has taken some steps to better manage overtime. For instance, the Department developed management reports that compare actual expenditures to budget. These reports are broken down by organization, category, event, and staff. The reports are forwarded to the command staff and managers to review monthly overtime expenditures.

However, these overtime reports do not provide management with timely information to effectively manage overtime in their organizational units. The reports provide overtime expenditure data from the previous month, but do not reflect “real time” (*immediate*) hours and dollars.

A Patrol Area Captain (Captain) created an excel spreadsheet with the ability to track and calculate daily overtime expenditures. This tool allowed the Captain to control and monitor overtime costs daily in real

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<sup>11</sup> David H. Bayley and Robert E. Worden (May 1998), *Police Overtime: An Examination of Key Issues*, National Institute of Justice

# Audit Results

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time for his patrol area in FY 2017-18. As a result, the patrol area came in under their overtime budget. The tool was never adopted by other organizational units and is no longer being utilized by the Captain due to time constraints.

The current audit found OPD is currently operating under an overtime policy that was established twenty years ago in July 1999. The Department's overtime policy needs to be prioritized and updated to require accountability and enforcement by commanders and civilian managers.

## Overtime operational controls are lacking

### *Overtime approval process needs stronger controls*

The overtime approval and documentation process needs stronger controls. The process requires the supervisor's signed pre-approval of overtime hours using a signed paper overtime slip. If the overtime is worked in another unit, the officer must obtain signatures from both their regular supervisor and the interim supervisor for whom the overtime was worked. Completed overtime slips are submitted to OPD's payroll coordinators, who review them for accuracy. This is completed by comparing the slip to the timecards already submitted, approved, and paid in the City's payroll system. If the payroll coordinators detect a discrepancy with the overtime slips, they submit a request for correction to the Department's Payroll Unit (Payroll), for an adjustment in pay. Once complete, overtime slips are sent to Payroll for reconciliation and storage.

OPD's Office of the Inspector General's Quarterly Progress Report (July – September 2017) reported on "Oversight of Police Department Overtime Expenditures" and found that overtime forms could not be located for 83 percent of paid overtime instances and procedures to ensure overtime forms are turned in, forwarded, and stored in a manner to allow for retrieval were insufficient. The report also concluded that the Department's payroll system, overtime payment process, and available reports do not adequately facilitate an effective management of overtime.

Our audit found discrepancies within the overtime approval process:

- The overtime pre-approval requirement cannot be consistently enforced due to the urgency of filling unexpected open patrol beats. This occurs, for example, when an officer calls in sick. The staff records any overtime worked on a biweekly time sheet in the payroll system and submits it electronically to their regular supervisor. The electronic timesheet only records overtime worked and does not include the approved paper overtime slips. Thus, in many cases supervisors approve timecards without monitoring or reviewing the officer's overtime slips.
- Payroll coordinators do not have written procedures or a consistent process to verify overtime was properly authorized, signed off, and reconciled to the overtime hours on the electronic timesheets. Payroll coordinators are responsible for reviewing, collecting, and forwarding all overtime forms to Payroll. Some Payroll coordinators will forward the overtime documentation after the close of

# Audit Results

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each pay period and notify Payroll of any overtime forms missing. Other coordinators try to collect all overtime forms before submitting it to the Payroll.

- The collected overtime forms are submitted to Payroll. Payroll does not audit/review the payroll coordinators work.

## *Scheduling and payroll systems are not integrated*

Furthermore, the Department currently uses Telestaff, a scheduling software, to schedule personnel across the Department in real time, given scheduling issues such as sick, backfill, vacation, etc. The system's capabilities are limited and it is difficult to know day to day who is working overtime, where they are working, and whether overtime is necessary or reasonable.

Due to the current limitations in OPD's version of Telestaff, the Department cannot efficiently reconcile between the scheduling and the payroll systems. It is essential to reconcile overtime transactions between the scheduling and the payroll systems to ensure accuracy of paid overtime. It is important to note that Oakland Fire Department, uses a different version of Telestaff which integrates the scheduling and overtime approval process.

## Recommendations

4. The Department should update its 1999 overtime management policy.
5. The Department needs to develop a management reporting system that provides timely, accurate, and complete information on overtime usage.
6. The Department should develop and implement policies and procedures to ensure that all overtime forms are accounted for and reconciled to overtime claimed, including but not limited to:
  - Overtime reconciliation must be consistently performed and documented by payroll coordinators.
  - Payroll should reconcile payroll coordinators' overtime forms to ensure all overtime forms are accounted for.
7. The Department should work on implementing an integrated overtime management and scheduling system.

## Audit Results

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### Finding 3: OPD Still Lacks Written Policies and Procedures to Ensure Invoices and Payments for Special Events Are Processed Timely and in Accordance with the Municipal Code

The 2015 audit found OPD needed to recover overtime costs from special events in a timelier manner. Specifically, OPD did not collect payments prior to the special events as the Municipal Code requires. On average, OPD issued invoices more than two months after the special event. Furthermore, OPD received payments an average of 45 days after invoices were issued. The issue with the untimely payments stemmed from the lack of policies and procedures for obtaining reimbursements for special events. Accordingly, the audit report recommended OPD develop and implement written policies and procedures to ensure invoices and payments for special events are processed in a timely manner and in accordance with the Municipal Code.

The current audit found OPD still does not collect payments in advance of special events, as the Municipal Code requires. The Department continues to lack policies and procedures to ensure invoices are processed in a timely manner. In addition, OPD is still not billing for special events in a timely manner in some cases. The time it takes to receive payments after invoices are issued is virtually the same amount of time as was found in the 2015 audit. Also, OPD does not adequately enforce a provision in the MOU between the City and OPOA that prohibits officers from receiving comp time for working special events.

#### OPD still does not collect payments in advance as the Municipal Code requires

OPD provides staffing with paid overtime at many special events including sporting events, parades, protests, concerts, and community events. The City issues a permit for these events and charges the event holder for the City's cost.

OPD's Fiscal Section prepares the invoices after the events and does not collect payments in advance for overtime costs; even though, the Municipal Code requires the costs to be paid prior to the special event.

#### OPD's billing and collection of reimbursable special events should be more timely

In FY 2017-18, OPD invoiced approximately \$6.2 million to recover the cost of officers working overtime for reimbursable special events.<sup>12</sup> On average, OPD invoiced event sponsors in 30 days after the event occurred. Overall, the time between the event and billing ranged from 4 to 97 days. The Fiscal Section invoiced 62 percent of the event sponsors *within* 30 days after the event, and 38 percent were invoiced in *more* than 30 days.

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<sup>12</sup> Billing and collection data for FY 2017-18 were received from OPD's event tracking report and accounts receivable aging report. The two reports will not correlate fully. There are events that happened in FY 2016-17 that were not invoiced until FY 2017-18 and thus are on the accounts receivable aging report, but not the OPD event tracking report. Additionally, there are some events that happened in FY 2017-18 that did not get invoiced until the early months of FY 2018-19 and are not on the accounts receivable aging report for FY 2017-18.



# Audit Results

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Of the \$6.2 million invoiced in FY 2017-18, the City received all but approximately \$35,000 (as of March 2019). The payments for these invoices were not always received in a timely manner. OPD received these payments an average of 44 days after the invoices were issued.

## OPD does not sufficiently enforce a MOU provision regarding compensation for working reimbursed overtime

OPD does not sufficiently enforce a provision in the MOU between the City and OPOA which requires officers receive paid overtime, not comp time, when working reimbursable special events. In FY 2017-18, 50 sworn staff received 368 hours in comp time valued at around \$27,800. When officers take comp time, another officer may have to work overtime, ultimately increasing the cost of the special event that cannot be reimbursed (See Exhibit 8 in Finding 5).

## Limited oversight of special events needs to be addressed

The special event planning and staffing process is not documented and management provides limited oversight. One officer is responsible for most decision-making including planning, determining the number of officers needed to staff an event, and invoicing the event sponsor. In fact, this officer is the second highest OPD overtime earner for the last five fiscal years, and he consistently assigned himself to work many of the special events. More management oversight is needed immediately to ensure that the process is fair and appropriately staffed.

## Recommendations

8. The Department should develop and implement written policies and procedures to ensure invoices and payments for special events are processed in a timely manner and in accordance with the Municipal Code.
9. The Department needs to provide more management oversight over the process of assigning officers to special events to ensure that the process is fair and appropriately staffed.
10. The City Administration should consider immediately transferring the planning and scheduling responsibilities for special events to a unit in OPD where there would be no inherent conflicts.
11. The Department should adhere to the provision in the MOU between the City and OPOA prohibiting sworn staff from receiving comp time for working reimbursable special events.

# Audit Results

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## Finding 4: OPD Still Needs to Enforce Limits on Overtime Hours Worked

The 2015 audit identified that OPD lacks a formal process for restricting officers from working excessive overtime. The audit identified an officer who worked for 40 consecutive days. The audit determined that the Department, still does not enforce its departmental Voluntary Overtime Policy (Policy) and some sworn staff continue to work excessive overtime hours.

### OPD should establish limits on overtime

Overtime is a necessary part of police work, but research suggests it should be tracked and monitored to prevent officers from working an unsafe number of hours. Workload fatigue can lead to poorer perceived health, increased chance for injury, and illnesses. Specifically, in high-stress, unpredictable environments like police work, fatigue in turn can lead to a greater chance for poor decision-making, which may have health and safety consequences for officers or for the community that they serve.

Law enforcement agencies across the country have different limits on overtime. For example, San Francisco and San Jose set limits on the number of hours that an officer can work in a given week/month/year. San Jose Police Department staff must not work more than 70 hours (including regular, OT, and secondary employment) per week, excluding mandatory and court overtime. In San Francisco, the number of overtime hours a full-time employee can work is 520 hours per fiscal year.

The Department does not have a policy limiting the number of overtime hours that an employee can work in a fiscal year. Exhibit 6 shows 217 sworn staff, or approximately 30 percent of total officers, worked more than 520 hours of overtime in FY 2017-18, which is the limit at the San Francisco Police Department. Of this total, 192 sworn staff worked between 520 hours and 1,248 hours of overtime, 24 sworn staff worked between 1,249 and 2,599 hours of overtime, and 1 sworn staff worked more than 2,600 hours of overtime.

**Exhibit 6:** Number of sworn staff working 520 hours or more in FY 2017-18

Number of Sworn Staff	Number of Overtime Hours
1	2,600 hours or more
24	between 1,249 and 2,599 hours
192	between 520 and 1,248 hours
<b>217</b>	520 hours or more

Source: Prepared by City Auditor Staff using Oracle, the City's Financial Reporting System.

The Department does have a Policy on limiting overtime hours worked per week. The Policy sets limits on overtime hours and off-duty hours per week, however these limits can be overridden if the officers advise the appropriate commander in advance that the limits will be exceeded by working the requested overtime.

# Audit Results

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The Policy limits are:

- 24-hours of voluntary overtime<sup>13</sup> per week (1,248 hours/year),
- Be off-duty for 8 hours after 16 hours worked,
- Be off-duty for 10 hours after 20 hours worked, and
- Take at least one day off during a work week.

## The Department does not enforce its policy limiting overtime

OPD's overtime policy limits overtime to 24 hours per week. In FY 2017-18, sworn staff worked more than 24 hours of overtime per week on more than 3,200 different occasions.

**Exhibit 7:** Occurrences of sworn personnel working more than 7 consecutive days

Occurrences	Number of Consecutive Days Worked
2,280	7 or greater
1,384	10 or greater
195	20 or greater
68	30 or greater
25	40 or greater
8	50 or greater
5	60 or greater
3	70 or greater

Source: Prepared by City Auditor Staff using Oracle, the City's Financial Reporting System.

Although OPD's policy states that staff must take at least one day off during a work week, sworn staff routinely work a week straight or more without taking time off. Exhibit 7 shows the number of occurrences in which sworn staff worked more than 7 days without a day off. There were 2,280 occurrences in which sworn staff worked a full week without taking a day off, and in three instances, sworn personnel worked more than 70 days without taking a day off.

## OPD cannot track rest periods

The Policy and the MOU for OPOA requires rest periods between hours worked. Although this is a requirement, the Department's current management and scheduling system does not have the capability to track it.

## Staff work overtime while on leave, in violation of OPD's outdated overtime policy

The Policy defines when staff may work or not work voluntary overtime. Based on the Policy, staff may not work voluntary overtime if they are on paid leave such as sick, holiday, bereavement, military, family medical leave, comp time or on non-paid leave or have below standard performance.

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<sup>13</sup> Voluntary overtime is overtime that is offered to a worker, but the employer is not obliged to offer it, and the worker is not obliged to work it.

## Audit Results

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Despite this policy, the audit uncovered over 3,600 instances in which all personnel worked overtime when they were on paid leave such as sick, holiday, bereavement, military, and family medical leave. Holiday leave accounted for 96 percent of these instances.

The Department should review this issue and appropriately modify its policy if necessary.

### Recommendations

12. The Department should consider setting limits on the number of overtime hours an employee can earn in a fiscal year, excluding mandatory overtime.
13. The Department should either adhere to its Voluntary Overtime Policy or revise it.
14. The Department should review all situations when staff are working overtime, provide written authorization for exceptions, and implement appropriate management controls to monitor when staff may work voluntary overtime and when staff may not work voluntary overtime.
15. The Department should work on implementing an integrated management and scheduling system that will allow it to track MOU and Policy requirements.

## Audit Results

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### Finding 5: The City Has Not Addressed Any MOU Issues Identified in the Previous Report

The 2015 audit addressed issues with the negotiated MOU between the City of Oakland, the Oakland Police Officers Association (OPOA) and Oakland Police Management Association (OPMA) and with the City's FLSA policy (AI 124).

The audit found:

- OPD officers eligible for comp time may accrue up to 300 hours, the highest limit of major cities in California.
- All sworn staff can defer overtime and be paid later.
- A labor-management committee is required to address rest periods.
- The City's FLSA Policy (AI 124) is outdated.

The previous report issued five recommendations related to the negotiated MOUs and other business practices.

The current audit determined the Department and Administration did not take actions to implement any of the five previous report's recommendations noted above.

The following issues were not addressed by the Department during the last MOU negotiations:

#### Comp time limits and selling comp time has not been addressed

The Department has not addressed comp time limits and selling comp time. According to a National Institute of Justice study, "Reimbursing overtime in money is preferable to reimbursing in comp time. Paid overtime increases policing activities, while comp time results in less policing because every hour worked must be repaid by the Department at time and a half-time taken away from other activities."<sup>14</sup>

When an officer takes comp time, another officer must work overtime to fill the vacancy. If the replacement officer elects to take overtime as comp time, the cost can quickly grow as Exhibit 8 (next page) demonstrates.

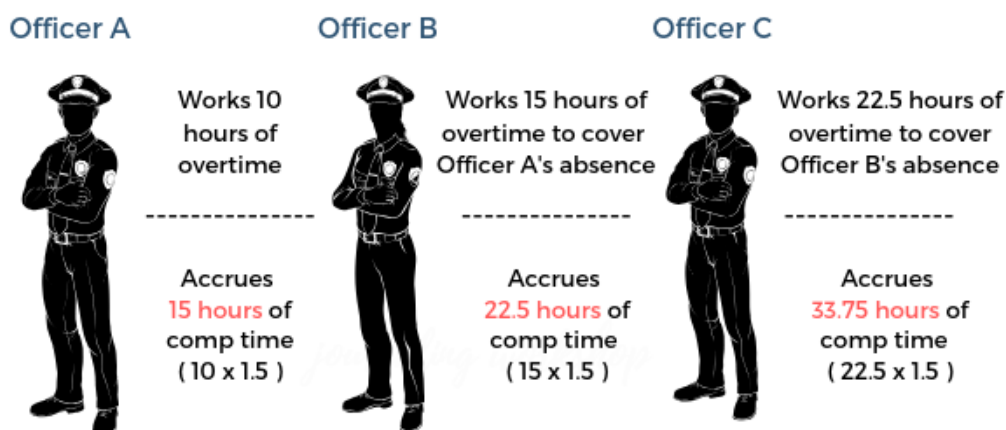
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<sup>14</sup> David H. Bayley and Robert E. Worden (May 1998), Police Overtime: An Examination of Key Issues, National Institute of Justice



# Audit Results

**Exhibit 8:** Comp time can make costs soar



OPD officers may accrue 300 hours of comp time, the highest limit of major cities in California.<sup>15</sup> Additionally, the Department allows officers to sell back comp time, although the negotiated MOU for OPOA does not address the sell back of comp time, and the Department lacks written policies for this practice.

## Deferred overtime practice remains unchanged

The MOUs allow sworn personnel to defer overtime payments and request to be paid at a later date. The previous audit found that the deferred overtime payment process created an unnecessary administrative burden on Payroll to issue payments. In addition, none of the nine major cities in California surveyed allowed officers to defer overtime payments.<sup>16</sup>

The practice was not changed in the last MOU negotiations and the current MOUs for OPOA and OPMA allow sworn staff to defer overtime and be paid later.

## A Labor Management Committee was not formed

The negotiated MOU between OPOA (effective July 1, 2006 and June 30, 2015) required the Department to establish a labor-management committee to develop plans to ensure sufficient rest. The establishment of the labor-management committee is no longer a requirement in the MOU between OPOA, effective July 1, 2015 and June 30, 2019.

<sup>15</sup> The benchmark agencies include City and County of San Francisco, San Jose, Los Angeles, Sacramento, Fresno, Bakersfield, Santa Ana, San Diego, and Anaheim.

<sup>16</sup> The benchmark agencies include City and County of San Francisco, Los Angeles, Fresno, Santa Ana, Anaheim, San Jose, Sacramento, Bakersfield, and San Diego.

# Audit Results

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## The City has not updated its FLSA policy

The City's FLSA policy (AI 124) needs to be updated. AI 124 cites federal minimum wage to be \$3.35/hour and a 40-hour work week, where the City currently has a 37.5-hour work week for non-sworn employees and the minimum wage is much higher.

## OPD sworn management is paid for multiple educational incentives

An education incentive provision discrepancy was identified between the MOU for OPOA and OPMA. Sworn staff under the OPOAs' MOU are not allowed to pyramid education levels. This occurs when *sworn management staff* under the MOU for OPMA can receive an additional 5 percent of their regular base salary for each P.O.S.T. Management Certificate, Bachelor's Degree, and Master's Degree. In FY 2017-18, 16 management staff were paid approximately \$335,000 in total for pyramiding educational incentives.

## Recommendations

16. The City Administration should negotiate with the Oakland Police Officers' Association to reduce the comp time accrual limit.
17. The City Administration should negotiate with the OPOA & OPMA to eliminate the provision that allows sworn staff to defer overtime payments.
18. The City Administration should discontinue the informal practice of buying back comp time.
19. The City Administration should review the educational pay incentives for the Department Management in the next MOU Negotiations.
20. The City Administration should update Administrative Instruction 124 (AI 124) to reflect current FLSA regulations.

## Audit Results

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### Finding 6: Workers' Compensation Hours Have Declined Significantly, and More Can Be Done

The 2015 audit noted the Department could better manage its workers' compensation costs and use a Medical Provider Network<sup>17</sup> to help contain workers' compensation costs. The audit also recommended that the Department work with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.

When officers injured on the job are placed on workers' compensation for an extended period, additional officers cannot be hired to replace them. To compensate, the Department uses overtime to backfill for officers out on workers' compensation.

The City implemented a Medical Provider Network in 2015 to improve treatment for injured officers and for reducing the costs associated with officer injuries. The Department has significantly reduced the hours lost to workers' compensation. In FY 2010-11, the Department lost 109,095 sworn hours, or the equivalent of 50 FTE's to workers' compensation. As of FY 2017-18, the Department workers' compensation hours have decreased to 57,825 hours, or the equivalent of 26 FTE's to workers' compensation.

Although the Department has provided training aimed at preventing officer related injuries, it has not worked with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.

#### Recommendation

21. The Department should work with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.

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<sup>17</sup> A MPN is an entity or group of health care providers set up by an employer and approved by the State. It provides greater cost containment for the City and employees have the benefit of selecting from multiple providers.

# Appendix A

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## Overtime Categories

**Acting Higher Rank** overtime is paid to individuals who act in a higher rank on overtime, such as a Sergeant serving as an acting Lieutenant.

**Administrative Investigation** overtime allows OPD to conduct investigations into potential misconduct or other malfeasance by a member of OPD. Such an investigation may result from a personnel complaint or other Internal Affairs matter. It is also used to conduct use of force investigations.

**Backfill** overtime allows OPD to fill a position during the absence of the regularly assigned person and meet minimum staffing levels in Patrol.

**Callback** overtime allows OPD to request an employee return to work after completing his/her shift and leaving the work site. For example, an investigator may be called back to work to interview a suspect in custody.

**Canine** overtime allows each employee regularly assigned and working to be compensated fifteen (15) hours per month for ordinary care and informal training of their assigned dog.

**Community Meeting** overtime allows OPD to attend general community meetings to strengthen community trust and build relationships.

**Court** overtime allows OPD to respond to subpoenas or give depositions in job-related court appearances during off-duty hours.

**Extension of Shift** overtime allows OPD to extend the current shift of an employee to complete critical tasks on an extension or hold-over basis. For example, an employee's shift may be extended to complete an on-scene investigation or report related to an incident that just occurred.

**Holiday** overtime allows OPD to maintain minimum staffing levels during scheduled holidays. OPD must comply with overtime requirements outlined in applicable Memorandum of Understanding.

**Recruiting/Background** overtime allows OPD to recruit members and conduct background investigations for Departmental employment. This task is critical to ensure acceptable staffing levels.

**Special Events** overtime allows OPD to provide police services at sporting events and parades.

**Special Enforcement** overtime allows OPD to plan and participate in special actions such as violence suppression projects (such as those related to Ceasefire), special task forces, human trafficking operations, and crowd management events that are not covered by Special Events overtime.

**Training** overtime allows OPD to prepare or present a training course and prepare or participate in Police Academy critical incidents.



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Office of the City Administrator

(510) 238-3301  
FAX (510) 238-2223  
TDD (510) 238-2007

June 5, 2019

The Honorable Courtney A. Ruby  
Oakland City Auditor  
1 Frank Ogawa Plaza, 4<sup>th</sup> Floor  
Oakland, CA 94612

RE: Oakland Police Department Overtime Performance Audit

Dear City Auditor Ruby:

I am pleased to provide you with the City Administration's response to the Oakland Police Department Overtime Performance Audit. The Administration and the Oakland Police Department (OPD) thank the City Auditor and her staff for their hard work in providing a balanced and accurate audit of OPD overtime, its key drivers, and possible long-term solutions. We welcome audits to improve efficiency, effectiveness, and the safeguarding of taxpayer dollars, and recognize that challenges that are many years in the making will not be solved in the short-term.

As mentioned in the audit report, OPD has made several improvements since the last overtime audit report in 2015. The improvements include increasing the authorized staffing level, which eliminated the need for mandatory overtime; reducing the number of overtime hours for sworn personnel by 20 percent from FY14-15 to FY17-18; and significantly reducing the productive hours lost due to on the job injuries.

Also mentioned in the audit report, were several areas for improvement. The Administration is committed to working with OPD to improve processes, update and expand the scheduling system and create policy to properly budget for OPD overtime.

Attached to this cover letter is the Administration's detailed response to each of the audit recommendations, including efforts already underway in OPD to address these recommendations. For the recommendations involving the union negotiations, the City will bring these recommendations to the table in future rounds of negotiations.

Sincerely,



Sabrina Landreth  
City Administrator

cc: Anne Kirkpatrick, Chief, Oakland Police Department  
Katano Kasaine, Director, Finance Bureau

Attachments: Attachment A - Oakland Police Department Overtime Performance Audit  
Management's Response



	<b>City Auditor's Recommendations</b>	<b>Management Action Plan</b>	<b>Responsible Party</b>	<b>Target Date to Complete</b>
<b>1</b>	The City should continue to work towards a realistic overtime budget to fund overtime and continue to work on reducing overtime hours.	<p><b>The Administration agrees with the recommendation.</b></p> <p>The Oakland Police Department (OPD) staff and the Administration have discussed a realistic overtime budget, based on current and historical overtime usage, which is tied to OPD's current service level. The City Administrator's Office and OPD will draft related policy to bring the City Council for review and approval.</p>	<b>Oakland Police Department, Finance Bureau &amp; City Administrator's Office</b>	<b>December 31, 2019</b>
<b>2</b>	The Department should continue working towards becoming fully staffed.	<p><b>The Administration agrees with the recommendation.</b></p> <p>In a concerted effort to fill all vacancies, both sworn and professional staff, the Department has and will continue to work closely with HRM. Since January 2017, OPD has completed five (5) Police Academies, adding a total of 86 new officers. Additionally, the Department has worked hard to fill all authorized Police Communications Dispatcher vacancies, which</p>	<b>Oakland Police Department &amp; Human Resources Management Department</b>	<b>Ongoing</b>



		has assisted in reducing mandatory overtime in the Communications Division.		
3	The City Administration should net the reimbursements received for OPD's overtime costs in OPD's overtime budget to provide a truer picture of the OPD's overtime costs.	<p><b>The Administration agrees with the recommendation.</b></p> <p>Beginning in FY19-20, OPD and the Finance Bureau will net the reimbursements received for OPD's overtime costs in the quarterly Overtime reports and the Revenue and Expenditures reports.</p>	Oakland Police Department & Finance Bureau	July 1, 2019
4	The Department should update its 1999 overtime management policy.	<p><b>The Administration agrees with the recommendation.</b></p> <p>The Department is in the final stages of completing the Department General Order (DGO) D-01 (Overtime) policy. In 2017, OPD created an Overtime Working Group to identify methods to control overtime usage and to update the outdated overtime policy. This past year, the draft policy went through several rounds of review internally as well as review by all three of OPD's bargaining units. OPD will implement the policy after completing the meet and confer conferences with the bargaining units.</p>	Oakland Police Department	December 31, 2019



5	<p>The Department needs to develop a management reporting system that provides timely, accurate, and complete information on overtime usage.</p>	<p><b>The Administration agrees with the recommendation.</b></p> <p>OPD is working with the City's Information Technology Department to develop a plan and budget for an integrated overtime management and scheduling system.</p>	<p><b>Oakland Police Department &amp; Information Technology Department</b></p>	<p><b>Ongoing with upgrade and integration planned for 2020</b></p>
6	<p>The Department should develop and implement policies and procedures to ensure that all overtime forms are accounted for and reconciled to overtime claimed, including but not limited to:</p> <ul style="list-style-type: none"><li>• Overtime reconciliation must be consistently performed and documented by payroll coordinators.</li><li>• Payroll should reconcile payroll coordinators' overtime forms to ensure all overtime forms are accounted for.</li></ul>	<p><b>The Administration agrees with this recommendation.</b></p> <p>There is currently a process in place to ensure recommendation six (6) is completed by Payroll Coordinators; however, due to the number of professional staff vacancies Department-wide, it is neither feasible nor practical for this goal to be accomplished at this time.</p> <p>The Department is currently working with City IT to upgrade its scheduling system known as Telestaff. Once the scheduling system is upgraded, it will allow employees to enter overtime hours worked into the system, along with a narrative justification detailing the reason for overtime worked. The employee's immediate supervisor will then be required to review and approve the overtime in Telestaff daily. This will eliminate the need for paper</p>	<p><b>Oakland Police Department &amp; Information Technology Department</b></p>	<p><b>Ongoing</b></p>





		<p>overtime forms and will allow for a more efficient process of reconciling overtime.</p> <p>With full implementation of recommendation two (2) and the upgrade of Telestaff, the Department can move towards accomplishing this recommendation. Additionally, the responsibilities currently outlined for Payroll Coordinators should be codified in a formal policy.</p>		
7	<p>The Department should work on implementing an integrated overtime management and scheduling system.</p>	<p><b>The Administration agrees with the recommendation.</b></p> <p>OPD is working with the City's Information Technology Department to develop a plan and budget for an integrated overtime management and scheduling system.</p>	<p><b>Oakland Police Department &amp; Information Technology Department</b></p>	<p><b>Ongoing with upgrade and integration planned for 2020</b></p>
8	<p>The Department should develop and implement written policies and procedures to ensure invoices and payments for special events are processed in a timely manner and in accordance with the Municipal Code.</p>	<p><b>The Administration partially agrees with the recommendation.</b></p> <p>Since March 2015, OPD's Fiscal Services Division implemented written Standard Operating Procedures for reconciling mass overtime slips for special event invoicing and generating and printing special event invoices to ensure invoices are processed in a timely manner (average of 30 days after the event).</p>	<p><b>Oakland Police Department</b></p>	<p><b>December 31, 2019</b></p>



		<p>OPD Fiscal has one Account Clerk II who generates approximately 520 invoices per fiscal year, including dozens of mid-to-large scale events (50+ members working). Approximately three days after the pay period closes, Fiscal staff receives access to payroll data to begin the reconciliation process. Depending on the timing of the event, this can range from three days after an event to two weeks after an event. If there are no discrepancies, Fiscal immediately invoices the customer. If there are discrepancies, Fiscal resolves the issue prior to creating the invoice. The timeline for resolving discrepancies varies.</p> <p>One of the difficulties to consider is that requiring prepayment of special event costs is administratively burdensome in an organization that is understaffed. Actual costs vary from initial estimates as events can end early or extend beyond the estimated time. Requiring both an invoice/payment of an estimate and then reconciling such costs and invoices the difference or refunding the customer doubles the amount of work for OPD.</p>		
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		The Administration will work with OPD to weigh the options of how to best proceed with invoicing special events, taking into consideration the language of the current Municipal Code and current staffing levels.		
9	The Department needs to provide more management oversight over the process of assigning officers to special events to ensure that the process is fair and appropriately staffed.	<p><b>The Administration partially agrees with the recommendation.</b></p> <p>There is currently a Sergeant of Police and Lieutenant of Police responsible for supervising and managing the Special Events Unit. The Department will assess the need to provide additional management oversight over the process of scheduling officers to special events.</p>	Oakland Police Department	December 31, 2019
10	The City Administration should consider immediately transferring the planning and scheduling responsibilities for special events to a unit in OPD where there would be no inherent conflicts.	<p><b>The Administration disagrees with the recommendation.</b></p> <p>The Department's Special Events Unit was created to ensure proper permitting and to assess the correct number of personnel necessary for special events. This Unit is responsible for dealing directly with the special event customers, who are reimbursing the City for providing security for their events.</p> <p>The Department believes it is beneficial to have the Special Event Coordinator at mid-to-</p>	Oakland Police Department	N/A



		large scale events to ensure the Department fulfills its requirements. Many times, the Special Event Coordinator is working the reimbursable special event at the request of the customer.		
11	The Department should adhere to the provision in the MOU between the City and OPOA prohibiting sworn staff from receiving comp time for working reimbursable special events.	<p><b>The Administration agrees with the recommendation.</b></p> <p>The Department will immediately incorporate a list of members who incorrectly code comp time for special events as part of the Monthly Overtime report. The commanders and managers will be responsible for ensuring payroll adjustments are completed to reverse the errors from their staff. In addition, the Department will reiterate that comp time is not allowed for Special Events.</p>	<b>Oakland Police Department</b>	<b>June 14, 2019</b>
12	The Department should consider setting limits on the number of overtime hours an employee can earn in a fiscal year, excluding mandatory overtime.	<p><b>The Administration disagrees with the recommendation.</b></p> <p>Given the Department's current staffing level, setting limits on the number of overtime hours an employee can earn in a fiscal year can potentially lead to mandatory overtime.</p> <p>Also, setting limits on the number of overtime hours an employee can earn in a fiscal year can</p>	<b>Oakland Police Department &amp; Human Resources Management Department</b>	<b>December 31, 2019</b>



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**Management's Response**

		<p>potentially create a violation in federal law that mandates non-exempt employees be paid for hours worked.</p> <p>The Department will evaluate limiting the number of special events an employee can work, however, doing so could have serious unintended consequences (i.e. not enough employees to work an event, causing a public safety concern).</p> <p>The Department understands the concern with employees working too much overtime and wants to ensure the wellbeing of its members and the public. There is currently an eight (8) hour rest period incorporated in the OPOA MOU. The Department will continue to monitor overtime usage and rest periods and make adjustments, when necessary.</p>		
13	The Department should either adhere to its Voluntary Overtime Policy or revise it.	<p><b>The Administration agrees with the recommendation.</b></p> <p>The Voluntary Overtime Policy, dated 30 NOV 01, is outdated and will be discontinued once the DGO D-01 (Overtime) is fully implemented.</p>	<b>Oakland Police Department</b>	<b>December 31, 2019</b>
14	The Department should review all situations when staff are working	<p><b>The Administration agrees with the recommendation.</b></p>	<b>Oakland Police Department &amp;</b>	<b>Ongoing with upgrade and</b>



	overtime, provide written authorization for exceptions, and implement appropriate management controls to monitor when staff may work voluntary overtime and when staff may not work voluntary overtime.	<ol style="list-style-type: none"> <li>1) The Department currently reviews all overtime worked at least once a month when the Monthly Overtime Report is distributed.</li> <li>2) The Department is in the process of updating DGO D-01 (Overtime) and discontinuing the Voluntary Overtime Policy.</li> <li>3) Once the Department updates its Telestaff system, commanders and managers can better control and monitor overtime usage.</li> </ol>	<b>Human Resources Management Department</b>	<b>integration planned for 2020</b>
<b>15</b>	The Department should work on implementing an integrated management and scheduling system that will allow to track MOU and Policy requirements.	<p><b>The Administration agrees with the recommendation.</b></p> <p>OPD is working with the City's Information Technology Department to develop a plan and budget for an integrated overtime management and scheduling system.</p>	<b>Oakland Police Department &amp; Information Technology Department</b>	<b>Ongoing with upgrade and integration planned for 2020</b>
<b>16</b>	The City Administration should negotiate with the Oakland Police Officers' Association to reduce the comp time accrual limit.	<p><b>The Administration agrees with the recommendation.</b></p> <p>This recommendation is being evaluated as part of an overall review of comp time Citywide. Reducing comp time is subject to bargaining between the City and OPOA/OPMA.</p>	<b>Oakland Police Department, Human Resources Management Department &amp; Finance Bureau</b>	<b>June 30, 2024</b>





		The MOU between the City and OPOA/OPMA does not expire until June 30, 2024.		
17	The City Administration should negotiate with the OPOA & OPMA to eliminate the provision that allows sworn staff to defer overtime payments.	<p><b>The Administration agrees with the recommendation.</b></p> <p>This matter is subject to bargaining between the City and OPOA/OPMA. The MOU between the City and OPOA/OPMA does not expire until June 30, 2024.</p>	Oakland Police Department & Human Resources Management Department	June 30, 2024
18	The City Administration should discontinue the informal practice of buying back comp time.	<p><b>The Administration agrees with the recommendation.</b></p> <p>Per the OPOA MOU, "The City will buy down CTO banks in excess of three hundred (300) hours at a rate of no more than a total of two hundred (200) hours per calendar year." Also included, "However, notwithstanding this provision, the City may elect to buy down any overtime worked (OTW) credit in excess of ninety-six (96) hours."</p> <p>The City will work with the bargaining units to ensure the procedures are clearly stated in future MOUs.</p>	Oakland Police Department, Human Resources Management Department & Finance Bureau	June 30, 2024



19	The City Administration should review the educational pay incentives for the Department Management in the next MOU Negotiations.	<p><b>The Administration agrees with the recommendation.</b></p> <p>Currently, the OPOA MOU does not allow pyramiding educational incentives. This practice is allowed under the OPMA MOU. This matter is subject to bargaining between the City and OPMA. The MOU between the City and OPMA does not expire until June 30, 2024.</p>	<b>Oakland Police Department &amp; Human Resources Management Department</b>	<b>June 30, 2024</b>
20	The City Administration should update Administrative Instruction 124 (AI 124) to reflect current FLSA regulations.	<p><b>The Administration agrees with the recommendation.</b></p> <p>The Administration will update AI 124 to reflect current FLSA regulations.</p>	<b>Finance Bureau &amp; City Administrator's Office</b>	<b>June 30, 2020</b>
21	The Department should work with the Human Resources Department to develop a comprehensive training program aimed at reducing officer injuries.	<p><b>The Administration agrees with the recommendation.</b></p> <p>OPD Training Section's Professional Development and Wellness Unit is working with HRM's Risk Management to reduce the incidence and severity of on-duty injuries. The City's Health and Wellness Committee meets monthly to analyze trends, assess risks, and develop training and education programs.</p>	<b>Oakland Police Department &amp; Human Resources Management Department</b>	<b>The efficacy of the training programs will be assessed on an annual basis</b>