
City of Laredo, Texas

Internal Audit Division



Overtime (Payroll) Compliance Audit Report:
(with Executive Summary and with Department
Responses): Fire & Police Departments

July 9, 2021

**City of Laredo
Internal Audit Division**

**Overtime (Payroll) Compliance Audit Report: Fire and Police Departments with
Department Responses**

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EXECUTIVE SUMMARY

In accordance with the Fiscal Year (FY) 2021 Annual Audit Plan, an Overtime (Payroll) Compliance audit was conducted on the Fire and Police Departments.

The objective of this audit was to determine compliance with the City of Laredo's Code of Ordinances, Section No. 2-87.8 – Overtime (Reference Ordinance No. 83-36, § 18, 4-19-83), which establishes guidelines to be followed in the pre-authorization and use of overtime earned. Specifically, the ordinance reads:

- (a) Only that work specifically required by the Department Head may be compensated at overtime rates, with the approval of the City Manager.
- (b) Overtime rates are time and one-half for each hour worked over forty (40) hours in one (1) workweek.
- (c) Overtime worked during a holiday will be compensated at double time.
- (d) Requests for overtime must be submitted in advance with complete justification for the requirement, except in cases of emergency. In cases of emergency, when it is not known in advance that the overtime work will be required, the City Manager will be informed, the following workday, as to the conditions that caused the emergency and the reasons for the overtime.
- (e) Department Heads must forecast their need for overtime at the time annual budgets are prepared.

The following areas were noted as part of the audit results. It should be noted that the current ordinance dates back to 1983, therefore our review of overtime worked included any approvals on file from an immediate supervisor, the corresponding department head and/or the City Manager. A total of seventeen (17) instances of overtime worked had no preauthorization on file.

Additionally, there were five (5) instances in our sample where time cards were missing employee or supervisor approval(s) prior to payroll being processed. There were also several instances where documentation was missing the required approvals.

Based off of the results noted, the following recommendations were made:

- The City's Code of Ordinance be reviewed and updated in accordance with similar overtime ordinances and/or policies from comparable cities.
- That both the employee and Supervisor approve time cards by 8:00 am Tuesday morning of payroll week in accordance with the "ExecuTime Approvals" under the City's Payroll Policies and Procedures.
- That all documentation requesting leave of absence be signed by employee and Supervisor.

Department Responses to this audit can be found under Appendix A on page 6.

A more extensive report of all the audit results and recommendations can be found in the following report.

INTRODUCTION

In accordance with the Fiscal Year (FY) 2021 Annual Audit Plan, an Overtime (Payroll) Compliance Audit was conducted on the Fire and Police Departments.

AUDIT OBJECTIVES

The objective of this audit was to determine compliance with the City of Laredo's Code of Ordinances, Section No. 2-87.8 – Overtime (Reference Ordinance No. 83-36, § 18, 4-19-83), which establishes guidelines to be followed in the pre-authorization and use of overtime earned. Specifically, the ordinance reads:

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- (e) Department Heads must forecast their need for overtime at the time annual budgets are prepared.

AUDIT SCOPE AND METHODOLOGY

The sample time period selected for this review consisted of Bi-Weekly Pay Period No. 16 which began on July 12, 2020 and ended on July 25, 2020 with a Pay Date of July 31, 2020 and Pay Period No. 17 which began on July 26, 2020 and ended on August 8, 2020 with a Pay Date of August 14, 2020. In order to achieve audit objectives, we:

- Obtained an understanding of the City's Code of Ordinances, Section No. 2-87.8 – Overtime (Reference Ordinance No. 83-36, § 18, dated 4-19-83);
- Obtained an understanding of the City's most current Payroll Policies and Procedures Manual effective May 2018;
- Obtained an understanding of the Collective Bargaining Agreement between the City of Laredo and Laredo Fire Fighters Association, effective October 1, 2018
- Obtained an understanding of the Collective Bargaining Agreement between the City of Laredo and The Laredo Police Officers' Association, effective October 1, 2016.
- Conducted an assessment of the I-Series System generated Hours History Detail Reports that provided overtime paid for Fire and Police Departments for Fiscal Year 2020.
- Conducted a review of the following payroll documents for compliance test work:
 - ExecuTime System Generated and Manual Time Cards, Leave Requests and Authorized Adjustments (Edits) for the Fire and Police Departments for the selected time period;
 - Any applicable Corrections to Payment of Payroll Hours reports submitted to Payroll for the selected sample and time period;
 - Final Authorized Hours Proof Listing Reports (I-Series) for the selected sample and time period;
 - ExecuTime Audit Reports (i.e. Employee Time Inquiry Reports, Transaction Audit Reports); and,

- Overtime Paid Balance Report for Fiscal Year 2020 (I-Series)
- Obtained I-Series generated check detail information for selected samples to cross-reference employee overtime paid with time card report and final hours proof listing reports.

We conducted this audit from March 2021 to June 2021 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 audit results and conclusions based on our audit objectives.

AUDIT RESULTS & RECOMMENDATIONS

Finding #1

In reviewing the sample pay periods (no. 16 and no. 17) selected for this audit, part of our compliance test work consisted of checking for pre-authorization of overtime worked as deemed by the current ordinance which states that “only that work specifically required by the Department Head may be compensated at overtime rates, with the approval of the City Manager”. Additionally, the ordinance states that “Requests for overtime must be submitted in advance with complete justification for the requirement, except in cases of emergency. In cases of emergency, when it is not known in advance that the overtime work will be required, the City Manager will be informed, the following workday, as to the conditions that caused the emergency and the reasons for the overtime.” Since the current overtime ordinance dates back to 1983, it should be noted that our review for pre-authorization of overtime worked included any approvals on file from an immediate Supervisor, the corresponding Department Head and/or the City Manager. The table below reflects the number of instances of overtime worked by the department without a preauthorization on file during the sample time period reviewed.

Fiscal Year (FY) 2020- Pay Period #16		
Department	# of Instances without Pre-Authorization Per Week Sampled	Employee #
Police	3	#s: 2308, 9698

Fiscal Year (FY) 2020- Pay Period #17		
Department	# of Instances without Pre-Authorization Per Week Sampled	Employee #
Police	14	#s: 2308, 8910, 9698, 9516, 1564, 8836

Recommendation(s)

Since the overtime ordinance has not been amended since its creation in 1983, Internal Audit recommends that the Payroll Division and Human Resources Department work collectively in reviewing and updating the ordinance in accordance with similar overtime ordinances and/or policies from comparable cities. Specifically, an assessment of best practices regarding when overtime pay is allowed, and who approves the overtime to be worked. For instance, the current ordinance requires overtime to be pre-authorized and approved by the City Manager; however,

with current City staffing levels and individualized departmental operations, a Department Head and/or immediate Supervisor pre-authorization is much more practical today.

Finding #2

From our review of the selected Time Card Reports for compliance with the City’s Payroll Policies and Procedures, there were several instances in our sample where time cards were missing employee or Supervisor approval(s) prior to payroll being processed. Additionally, there were instances of time card approvals occurring after payroll had been processed for our sample time period. For reference, payroll approvals on our sample time period for pay period no. 16 should have been submitted by July 28, 2020 by 8:00 am, and for pay period no. 17 by August 11, 2020 by 8 am. The tables below reflect the instances for the Fire and Police departments noted for non-compliance with the time card approval requirements broken down by pay periods.

Time Card Authorization (s): Fiscal Year (FY) 2020 – Pay Period # 16				
Department	Time Card Approval Missing		Time Card Approval After Deadline	
	Employee	Supervisor	Employee	Supervisor
Fire			Time Card Reference: (#4699)	
Police			Time Card Reference: (#2308)	

Time Card Authorization (s): Fiscal Year (FY) 2020 – Pay Period # 17				
Department	Time Card Approval Missing		Time Card Approval After Deadline	
	Employee	Supervisor	Employee	Supervisor
Fire			Time Card Reference: (#2000)	
Police			Time Card Reference(s): (#s: 2308, 5655)	Time Card Reference: (#9516)

In addition, there is documentation missing the required approvals. They are as follows:

Fire Department:

- Pay Period No. 16, employees #7284, #6609, #8552 did not sign Laredo Fire Department Time Sheet
- Pay Period No. 16, employee #1655 Request and Authorization for Leave of Absence form is missing Supervisor approval (2 instances)
- Pay Period No. 16 employee #6204 Request and Authorization for Leave of Absence form is missing Supervisor approval (1 instance)
- Pay Period No. 17 employees #8548, #6608, #9124, #6609, #4767 did not sign Laredo Fire Department Time Sheet

- Pay Period No. 17 employee #1655 Request and Authorization for Leave of Absence form is missing Supervisor approval (1 instance)

Police Department:

- Pay Period No. 16, employee #7142 Laredo Police Department Operation StoneGarden Daily Activity Report missing signature and date from approving Officer
- Pay Period No. 16, employee #5583 Laredo Police Department Operation StoneGarden Daily Activity Report missing signature and date from approving Officer
- Pay Period No. 16, employee #6412 Laredo Police Department Operation StoneGarden Daily Activity Report missing signature and date from approving Officer.
- Pay Period No. 16, employee #2227 Task Force Officer Overtime Ledger is missing signature and date from approving Supervisor
- Pay Period No. 17, employee #2227 Task Force Officer Overtime Ledger is missing signature and date from approving Supervisor

Recommendation(s)

Internal Audit recommends that both employee and Supervisor approve time cards by 8:00 am Tuesday morning of payroll week in accordance with the City's Payroll Policies and Procedures under "ExecuTime Approvals." This should be done in an effort to verify that the time cards are correct prior to processing payroll and to minimize the potential for corrections to payment of payroll hours after the fact. Additionally, we recommend all documentation requesting leave of absence be signed by the employee and Supervisor.

Observation #1

Fire: Internal Audit met with the Administrator Assistant of the Fire Department to get a better understanding of how Overtime premium is paid out to employees. The Collective Bargaining Agreement states: "Overtime premium shall be paid in accordance with a 24-day overtime period to all Firefighters except the exempt positions of Fire Marshall/Deputy Chief and above." Further, she stated employees will be paid 10 hours at ½ time. Overtime premium will also occur if an employee requests time off, for example: If an employee requests eight (8) hours of Annual Leave, the employee will get paid two (2) hours overtime premium, instead of the original ten (10) hours. For employee #8546, pay period #16 the employee was paid eight (8) hours of overtime premium, however, Internal Audit did not find where the employee had taken any time off to reduce his/her overtime premium to eight (8) hours, therefore, the employee should have been paid the complete ten (10) overtime premium hours.

Recommendation(s)

Internal Audit recommends reviewing the hours and determining eligibility for overtime premium for employee #8546.

Observation #2

In reviewing employee timecards, Internal Audit found six (6) instances where timecards were approved by an employee who had no authorization to approve timecards, i.e. not a Supervisor or in a supervisory position to approve employee timecards.

Fire Department:

- Employee #9824 approved three (3) employee timecards
- Employee #8990 approved one (1) employee timecard
- Employee #4694 approved two (2) employee timecards

Appendix A – City Department Responses



CITY OF LAREDO
FIRE DEPARTMENT



MEMORANDUM

TO: Elia Y. Rodriguez, Interim Internal Auditor
FROM: Ramiro R. Elizondo, Jr., Assistant Fire Chief *RRE*
THRU: Guillermo Heard, Fire Chief *Guillermo Heard*
DATE: July 08, 2021
SUBJECT: Overtime (Payroll) Compliance Audit Report: Fire & Police Departments



In response to the Overtime (Payroll) Compliance Audit Report: the Laredo Fire Department concurs with your findings. In addition, we will provide our action plan to correct and prevent the finding from reoccurring in the future, complying with the City's Payroll Policies and Procedures.

Audit Finding #2

It was noted there were several instances where timecards were missing employee or Supervisor approval(s) prior to payroll being processed. Additionally, there instances of timecards approved after payroll had been processed.

Please be advised that the issue has been addressed and discussed with appropriate management and payroll department staff. Supervisors will begin monitoring timesheets to retrieve all required signatures on all payroll timesheets. In addition, they will adhere that both the employee and supervisor signatures on timecards under the ExecuTime Approvals be completed by 8:00 am on Tuesday mornings of payroll week and in a timely manner. Should an employee be on leave, we will require employee's approval immediately upon or return.

Observation #1

Overtime premium, as stated in Collective Bargaining Agreement (CBA), shall be paid in accordance with a 24-day overtime pay period to all Firefighters except the exempt positions, paid as 10 hours at ½ time. The payroll code for Overtime Premium is "OP". For the employee in question, #8546, the payroll code "OP" was used as he was working a special assignment during Covid-19. This was later adjusted by City Payroll Manager to "OF" (Special Covid-19 Units) to avoid this confusion. This is not due to the 24-day Overtime Premium.

Observation #2-

Internal Audit found instances where timecards were approved by an employee who had no authorization to approve, i.e. not a Supervisor or in a Supervisory position. Timecard authorization approval has been reviewed, access to non-supervisors has been removed. Only Supervisors and respective backups will be allowed to approve as recommended.

As always, we appreciate your support and welcome audits to ensure compliance. If you require further assistance or have any questions, do not hesitate to email or call me at (956) 718-6022.

CC: Robert A. Eads, City Manager
Rosario Cabello, Deputy City Manager



CITY OF LAREDO POLICE DEPARTMENT



"Proudly serving and protecting the citizens of Laredo"

Chief Claudio Treviño, Jr.

Assistant Chief Manuel J. Maciel
Deputy Chief Ricardo Gonzalez

Assistant Chief Miguel A. Rodriguez, Jr.
Deputy Chief Enedina R. Martinez

To: Ms. Elia Y. Rodriguez, Interim Internal Auditor
From: Leticia Garcia, Finance/Personnel Supervisor
Thru: Claudio Treviño Jr., Chief of Police
Re: Response to Payroll/Overtime Compliance Audit



Dear Ms. Rodriguez

Below please find the Laredo Police Department's response to the Payroll Overtime Compliance Audit requested on February 08, 2021. The final audit was completed on June 29, 2021.

Finding # 1 / Finding / Observation / Response

Directives are given from the Chiefs office to all supervisors throughout the fiscal year. These directives change in accordance with each respective division within the Laredo Police Department. All supervisors within the City of Laredo Police Department are responsible for following the directives from the Chiefs office and manage their own respective divisions which include the employees that they supervise and the function of their job requirements. Directives are given to their subordinates as to what work hours are allowed for them to work. These directives remain in place until changes are made. The directive given is their pre-authorization to ensure the continuity of public safety and emergency response operations. Employee # 9516 is a custodian and due to the COVID-19 pandemic during this pay period they were allowed to punch in early in order to disinfect their areas before other office employees arrive to their stations. As part of the Department's efforts to sanitize and mitigate, employees' #2308, 9698, and 8910 are dispatchers that are called in to work overtime when the 911 Dispatch Center is short of personnel. Due to the COVID-19 pandemic it was extremely important to maintain adequate personnel to support daily public safety and emergency response operations. Employee 1564 worked overtime for a Covid-19 detail operation (which is mentioned on his work attendance) which is pre-planned, authorized, and all proper supervisors are fully aware of the names and number of individuals assigned to work the operation. Employee #8836 is a patrol officer that made an arrest late in his shift and needed additional time to complete the booking process. The supervisor working the same shift is aware and approved the additional time needed to complete the booking process.

Due to the COVID 19 pandemic there was an exception to overtime worked for some essential employees such as custodial staff that assisted to sanitize and disinfect our offices, dispatchers that filled in due to a shortage of 911 personnel and sworn personnel that were tasked to enforce city ordinances during the COVID-19 pandemic. All employees are given directives that are followed on a yearly basis.

Finding # 2 / Finding / Observation / Response

In response to missing and/or late signatures (Executime Users Only) on employee time cards, currently biweekly reminders are sent to all supervisors. In the near future reminders will be sent to all sworn and non sworn LPD personnel detailing due dates of payroll documents that need to be submitted correctly and on time.

In response to supervisor not signing Daily Activity Report for Operation StoneGarden on employee # 7142, 5583, and 6412, the acknowledgement is typed in by each supervisor and dated. In this instance, the supervisor did not correct the font required to show the typed authorization and date of the operation. The Daily Activity Report is not a required form to be submitted for payroll, but is a tool used to crosscheck timesheets for the hours work on this operation and utilized as an operational guide to assign officers to specific operational tasks.

In response to Task Force Officer (Employee # 2227) overtime ledger is missing the United States Department of Justice, Bureau of Alcohol, Tobacco, Firearms, and Explosives Supervisors signature on their form, it is only acknowledged by the LPD sworn officer because this is not a payroll form that we require. This form is submitted to our payroll division and used as a tool to crosscheck timesheets for the hours worked on this operation. Signatures from employees and supervisors are in their respective timesheets which certifies that all hours noted reflect actual time worked. Reimbursements for this program are submitted at the end of each month to the ATF office with signatures from the City of Laredo Authorized Personnel.

Finding # 3 / Finding / Observation / Response

In response to employee # 6412 in which the employee and the supervisor both overlooked a 3 hour call back noted on the employee's timesheet without any written backup, but was not paid was an oversight. Both employees will be notified of the error. While it was caught by payroll personnel, it will be noted that the correction should have been made on the actual timesheet.

The Department will ensure any and all corrective actions are taken based on these findings and observations of this report. Thank you, please feel free to call me if you have any questions.

Sincerely,

for 

Claudio Trevino Jr.
Chief of Police

Appendix B – Internal Audit Staff Acknowledgment

APPENDIX B
INTERNAL AUDIT STAFF ACKNOWLEDGMENT

Elia Y. Rodriguez, Interim Internal Auditor

Bianca V. Medellin, Auditor I