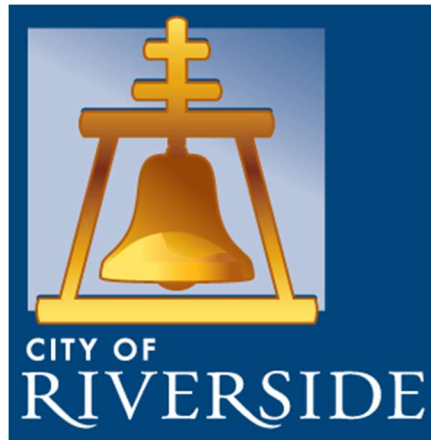


CITY OF RIVERSIDE

Overtime – Fire Department

December 2024



Prepared by:

Internal Audit

Office of the City Manager

Executive Summary

This audit evaluated the Riverside Fire Department's (RPD) timekeeping and payroll procedures, focusing on the reasonableness of overtime hours incurred across divisions within the Riverside Fire Department (RFD). The primary objective was to ensure compliance with department policies, reasonableness of overtime hours and to identify areas for improvement.

Objective and Scope

To gain an understanding of the department's general timekeeping and payroll procedures, the use of overtime, and related policies, we examined internal practices through discussions with key management personnel and a review of payroll overtime history data.

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.

Background

The Riverside Fire Department consists of various divisions, each managed by a Division Chief under the direction of the Fire Chief. Divisions comprise fire operations, training, fire prevention, administration, emergency operations, urban search and rescue and other operational components. Due to the critical nature and need of the department's operations, overtime is considered an essential requirement, especially for fire suppression personnel. Historically, most of the department's overtime costs have been concentrated on fire suppression personnel who typically work 24-hour shifts. In addition, the department is required to maintain a mandatory minimum staffing level for firefighters to ensure public safety, making overtime a necessary and regular occurrence. Other divisions typically follow the traditional 4/10 shift schedule.

As defined by the Riverside Firefighters' Association MOU, shift schedules for fire suppression personnel are to be comprised of a 56-hour workweek structured in 24-hour increments. Within a 14-day pay period, the city compensates these employees for 112 hours. The first 106 hours are paid at regular straight time, while the remaining 6 hours paid at 1.5 times the employee's regular hourly rate. Any hours worked beyond the 112 hours are also compensated at 1.5 times the employee's regular hourly rate. Additionally, no employee is allowed to work more than 96 consecutive hours unless a temporary suspension of this rule is in effect due to critical fire emergencies. Such a suspension may occur during mutual aid assignments involving four or more fire units being deployed to respond to emergency situations deemed necessary by the Fire Chief.

Based on our research, we note that the city's fire department practices on shift scheduling are consistent with common practices in California for fire suppression employees, with most municipal fire departments in California currently operating on a 56-hour workweek schedule.

Under the Fair Labor Standards Act (FLSA), there is no limit on the amount of non-exempt work that an employee engaged in fire protection activities may perform. Fire protection personnel under

FLSA include firefighters, paramedics, emergency medical technicians, rescue workers, ambulance personnel, or hazardous material workers who:

1. Are trained in fire suppression.
2. Have the legal authority and responsibility to engage in fire suppression.
3. Are employed by a fire department of a municipality, county, fire district, or state.
4. Are engaged in the prevention, control, and extinguishment of fires, or response to emergency situations where life, property, or the environment is at risk.

Under certain prescribed conditions, a state or local government agency may offer compensatory time, at a rate of not less than one and one-half hours for each overtime hour worked, in lieu of cash overtime compensation. Based on our discussions with management and our review of the department's policies, the city's overtime practices are in accordance with FLSA regulations.

Overtime & Timekeeping

We held discussions with administrative staff to gain further insight into internal timekeeping procedures. The department utilizes Telestaff, a workforce management software designed for public safety organizations, which enables the department to maintain employee timekeeping records and manage employee scheduling. Based on our discussion with fire administrative staff, employees are required to enter their time in the system prior to approval to ensure accurate timekeeping. Timesheet entries are then reviewed and approved by a Battalion Chief for each division. Employees are not allowed to approve of their own time, as there is always a chain of command that is adhered to throughout the approval process.

Administrative staff review and process time sheets for each pay period, generating individual rosters for each employee in the respective division for review, summarizing hours worked during the pay period. At the end of the pay period, administrative staff notify divisions of any discrepancies or missing entries before the payroll processing deadline.

Before timesheets are submitted to the city's payroll department, administrative staff will review timesheet entries for accuracy. If errors are identified, admin staff will confirm any issues to the battalion chief and adjust accordingly. If an error is identified that relates to a prior pay period, adjustments are made by a timecard correction form completed by the supervisor of the employee.

As discussed previously, schedules vary depending on the division and operational need, with the department's scheduling ranging from typical 4/10 shifts to 24-hour shift rotations. The 24-hour shift rotation, primarily used in fire operations, involves three shifts (A, B, and C) working on a "one day on, one day off" pattern, ensuring continuous coverage.

In addition to standard scheduling, employees can elect to participate in shift swaps with other employees. This practice allows an employee to work on a scheduled day off to cover another employee's scheduled shift in exchange for the opportunity to take a future shift off. When a shift swap occurs, the employee receiving coverage is compensated for only 12 hours of their regular 24-hour shift.

PSET Overtime

We note that certain overtime hours incurred by the department may be allocated to specific grant-funded or city programs. Based on further analysis of our sample overtime data, we noted high overtime expenses were incurred related to the Public Safety and Engagement Team (PSET) Program, a joint multi-department effort initiated to address concerns related to the challenges of homelessness and its impact on the quality of life in the City. In 2019, the City Council authorized a supplemental appropriation of approximately \$3.4 million from Measure Z funds to support personnel and equipment for two PSET teams. In 2022, the City Council subsequently approved the expansion of the PSET program, including the addition of a PSET Wildland Team responsible for implementing the anti-camping ordinance in environmentally sensitive and hazardous areas. As a result, the program expanded to include two fire department personnel to assist with the program's efforts. Based on our review of payroll history data, we noted that overtime incurred for this program by the fire department occurred between 2022 and 2024, with most of the overtime recorded in 2023.

A summary of approximate overtime figures related to the PSET Wildland Fire team obtained from payroll data is provided below:

<u>Pay Periods Within Year</u>	<u>Number of Hours Incurred</u>	<u>Total Overtime Costs</u>
2022	476	\$ 51,294
2023	1,303	\$154,942
2024	583	\$ 77,048

Overtime costs derived from specific grant-funded program operations are coded by employees on their respective timesheet entries within the timekeeping system. This ensures accurate accounting of personnel costs and payroll processing, as proper overtime recording is associated with the appropriate general ledger codes for the specific grant funding.

For example, the Fire administrative team ensures that all Captains assigned to a Days assignment who cover an overtime shift for Operations have their overtime hours allocated to Operations, rather than their designated default "home key" in the system. The Fire administrative team reviews overtime shifts prior to submitting timesheets to Payroll every pay period. This process is applied to Training and UASI (Urban Area Security Initiative) activities

Additionally, USAR (Urban Search and Rescue) overtime is also tracked, with the department utilizing pay codes built to charge to the appropriate program. The administrative team also reviews each Division's overtime charges throughout the year, with their accounting staff verifying the charges and processing journal entries if necessary.

According to the administrative team, Finance/Accounting does not impose any requirements on the department for tracking or reporting overtime for these specific programs.

Review of Overtime Hours

We reviewed overtime hours for 12 pay periods during fiscal years 2023 and 2024 for employees with the highest overtime earnings across divisions, including Fire Operations, Fire Training, Fire Prevention, Special Services, and Fire Administration.

Payroll Period Ending	
2023	2024
7/6/2023	2/1/2024
7/20/2023	2/15/2024
9/14/2023	3/28/2024
9/28/2023	4/11/2024
11/23/2023	5/9/2024
12/7/2023	5/23/2024

For each employee we reviewed, we obtained a copy of their respective timesheet history data for each period examined. Additionally, we obtained copies of the 2023 and 2024 shift schedules from administrative staff, which detailed the daily shift schedules during each calendar year.

During our review, we examined overtime hours recorded for each employee per pay period for accuracy based on our understanding of operations and payroll codes. Specifically, we performed the following procedures:

- We traced all hours coded as regular shift pay to the respective days on the shift calendar, according to each employee’s schedule provided by management. For any hours recorded outside of the employees’ scheduled shifts, we expected these to relate to overtime hours. Additionally, we compared overtime hours to the personal history rosters provided by management for reasonableness, which summarize each employee's timesheet entries for the pay period. These rosters include further details, such as comments regarding the nature of the work (e.g., specific assignments or whether the hours were part of a shift swap with another employee).
- We identified any instances where an employee worked more than 96 consecutive hours. In such cases, we reviewed the comments on the personal history roster to determine if the overtime hours were due to a mutual aid agreement or an emergency fire response.
- We noted exceptions which included instances of incomplete or duplicate entries, cases where both sick leave and overtime were recorded on the same day, and other irregularities, such as overtime recorded on a regular shift day. Since fire suppression personnel work 24-hour shifts, overtime recorded on a regular workday would be flagged as an exception.

In addition to the procedures performed above, we obtained a summary breakdown of overtime costs incurred specifically for the PSET program during the payroll periods ending in 2023 for the two fire personnel employees involved in the program. Using the PSET overtime summary and payroll period data history obtained from management for our sample periods, we traced the PSET overtime hours and inquired about any further exceptions, which included hours not typical of the program's operations (such as hours incurred on weekends, inconsistent hours (partial shifts), and time entry descriptions on the employees' history reports that appear to not be related to the program).

Observations

The review revealed that most of the overtime incurred during the periods of review across all divisions was derived from the Operations division, which is consistent with our understanding of the department's overtime need. We noted that the overtime hours that we reviewed for employees aligned with our expectations, as overtime hours were worked outside regular shift schedules. During our examination of timesheet rosters, we identified an error in which an employee incorrectly inputted a differential pay code for a shift that was intended to relate to a different shift day. Per the admin team, this error occurred within the same pay period resulting in an adjustment to the time entry record in Telestaff. Since this is not a material error that requires a timecard correction, no further adjustment to payroll is required. Although we noted instances in which employees worked more than 96 consecutive hours, we determined that these hours were in accordance with the department's overtime policies.

Upon further review of the PSET overtime hours, we identified discrepancies between the overtime hours allocated to the PSET Wildland program and our expectations for the program's operations. Discussions with management revealed that overtime hours unrelated to the PSET program had been recorded under the program due to the timekeeping system automatically defaulting overtime entries to the PSET program for certain employees. Specifically, the system assigned entries to the employee's "home key," which had been set to the PSET program. As a result, overtime incurred during the period the program was active was automatically recorded under PSET unless employees manually reassigned their hours to another program.

This issue stemmed from the initial implementation of the PSET program, where the allocation of overtime to PSET was managed internally and left largely to employee discretion. Consequently, overtime hours saw a significant increase in 2023, coinciding with the program's peak activity. This led to discrepancies between the actual overtime incurred for PSET-related activities and overtime tied to other divisional operations.

In 2024, under the direction of the City Manager, the use of Fire Department personnel for the PSET Wildland Team ceased. Given the potential inaccuracies in capturing overtime hours under the program, we inquired whether the department intended to retrospectively examine costs incurred to the funds allocated to the program to address these discrepancies. However, no further revisions were made by management to assess the accuracy of overtime allocation.

Conclusion

Our review of the Riverside Fire Department's overtime practices revealed that, overall, overtime hours were incurred and processed in alignment with departmental policies and operational requirements. The department's adherence to Fair Labor Standards Act (FLSA) guidelines and its internal policies ensures that overtime compensation is appropriately managed and documented.

However, our analysis of the PSET Wildland program identified discrepancies in the allocation of overtime hours due to systemic issues within the timekeeping process. Specifically, the reliance on default program settings in the Telestaff system led to inaccuracies in how overtime hours were assigned. These discrepancies highlight the need for strengthened controls to ensure proper allocation of costs, particularly for grant-funded or program-specific operations.

While we identified no material exceptions in the overall accuracy of overtime records. We note that although the likelihood of error for discrepancies related to the PSET program are high, the magnitude of material exceptions is low. However, addressing the identified issues is essential to maintain transparency, improve fiscal accountability, and prevent future misallocations.

Audit Recommendations

To enhance oversight and ensure adherence to departmental policies regarding overtime, we recommend management:

Recommendation #1: Conduct a retrospective review of overtime hours recorded under the PSET Wildland program during its active period. Management should identify and reconcile any discrepancies to ensure overtime costs are accurately allocated across all divisional operations.

Additionally, we recommend that management collaborate with Finance/Accounting to analyze historical overtime data to help verify the accuracy of recorded information and ensure corrective actions are taken if discrepancies are identified.

Management Comments

The Fire Department management has reviewed the report and have the following feedback:

While the Fire Department is no longer part of the PSET Wildland Task Force, the auditors' points are valid. A post-review of the PSET Wildland Task Force overtime hours and historical data will be conducted to identify and correct any unfounded inaccuracies. This procedure is to be completed by the Administrative Services Manager before the third quarter concludes in Fiscal Year 2024-2025. To ensure all project activities are properly documented with the correct account line item, we will continue close collaboration with the implementing department(s) in future projects.