

**CITY OF BUFFALO
DEPARTMENT OF AUDIT AND CONTROL**

**AUDIT REPORT
PAYROLL PROCEDURES FOLLOW UP
FIRE DEPARTMENT**

**MARK J.F. SCHROEDER
COMPTROLLER**



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CITY AUDITOR**

JANUARY 2016

Preface

In accordance with the goals set forth in the Annual Audit Plan, we conducted a follow up to the Audit Report on Payroll Procedures of Timekeepers, issued in July 2015. The Audit Report documented significant deficiencies related to payroll processing at the Fire Department, therefore a follow up audit was performed. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The Buffalo Fire Department provides fire protection and first responder emergency medical services to the City of Buffalo. The department serves a population of approximately 260,000 people in a geographic area of approximately 41 square miles. Emergency response within the Buffalo Fire Department includes 19 fire stations, a rescue boat and emergency medical services. There are 842 emergency response employees who are all members of the local 282 Firefighters Union. The term emergency responders will be used to describe these employees throughout the audit report.

The Buffalo Fire Department also has civilian personnel at the following locations including Dispatch, System Support, Fire Headquarters, Fire Alarm Office, Fire Prevention, Fire Training, Fire Repair Shop and Fire Investigation. There are 38 civilian employees who are members of the local 650 and 264 unions. For purposes of the audit report, the term Civilian will be used to describe these employees.

Audit Objectives

The objectives of the audit are to determine if the Fire Department implemented recommendations cited in the audit of Payroll Procedures of Timekeepers, to document the Fire Department payroll process (exhibit A) and to test the accuracy and validity of payroll transactions for Fire Department employees.

To achieve these objectives, the Department of Audit and Control (DAC) performed tests to determine if the following recommendations were implemented:

- Recording actual hours worked
- Documenting supervisor approval
- Not using signature stamps to document approval

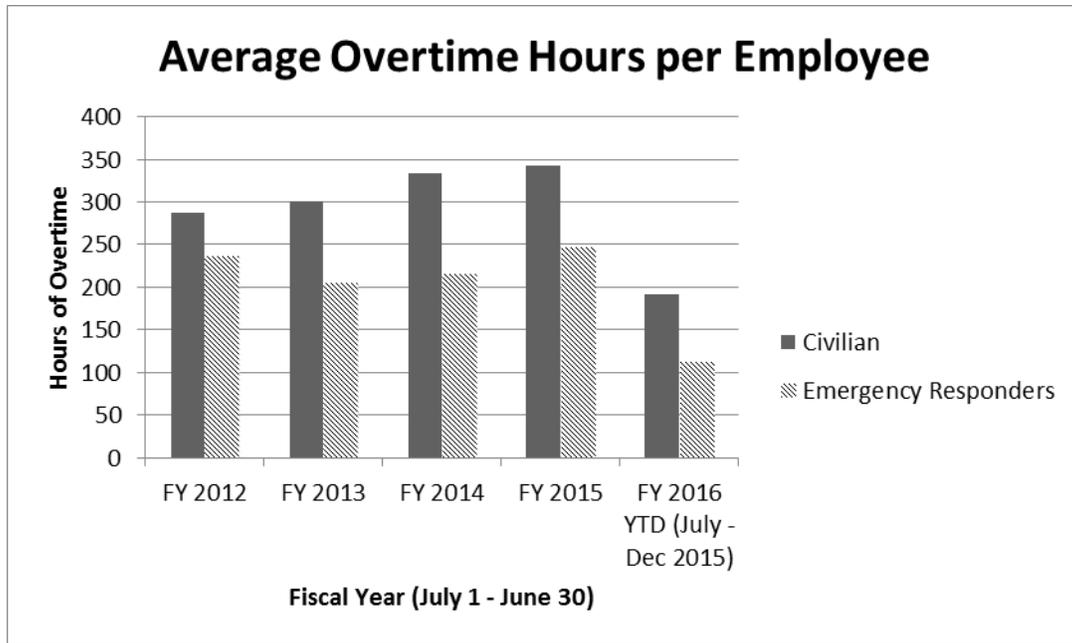
Based on the audit testing, none of these recommendations were implemented. The Auditors tested a sample of payroll documentation for the two pay periods ending 8/16/15 and 8/30/15. The scope of the audit was expanded as needed to draw conclusions from findings noted within the sample period.

Audit Findings

Findings – Overtime (OT)

Civilian OT Greater than Emergency Responders OT

DAC analyzed payroll data for the current and previous four fiscal years and the following was noted:



We would expect that Civilian members of the Fire Department would incur less OT than emergency responders on a per employee basis. Civilian manpower needs are relatively consistent and predictable. Therefore, with proper scheduling and staffing levels, the amount of OT should be minimal and significantly less than that of emergency responders. On average, for the last 5 years Civilian employees worked approximately 8 weeks (320 hours) of overtime per year and emergency responders average 6 weeks (240 hours) of overtime per year.

Findings - Fire Headquarters

Fire Headquarters OT Not Approved

Fire Headquarters OT documentation does not include approval of the OT prior to it being worked. It is not possible to determine if employees were authorized to work OT.

OT must be approved prior to being worked per the 650 union agreement section 3.2 item (J) “No overtime payments shall be made unless the overtime work has been specifically authorized by the department head or his designated representative”.

A signature stamp of the Deputy Commissioner or Commissioner was noted on OT Request Forms examined. It is unknown who possesses the signature stamp, therefore it cannot be determined if the OT requests were reviewed and approved.

Per City Charter chapter 16-5 (B), "Each payroll shall be certified as correct by a person having knowledge of the facts".

Inadequate Documentation of Fire Headquarters OT

Fire Headquarters OT is not documented using the standard OT request form that is used by every other Fire Dept. location. Fire Headquarters OT is documented on a handwritten list of dates and number of OT hours worked per day within the two week pay period. There is no indication of when the work was performed, what work was done or why the OT was necessary.

PTO used and OT Earned on Same Day

It was noted that in 9 instances, 3 Fire Headquarters employees earned OT on days which they also used sick and vacation time between 7/20/15 and 9/13/15. In those 9 instances there was a total of 12 regular hours worked, 26 hours of OT earned and 60 hours of PTO used.

Fire Headquarters - Lower titled employee paid Acting Time rate when employee uses PTO

Per the 650 Union Agreement section 3.2 Hours of Work item (K) "Any employee temporarily transferred or assigned to the duties of a higher position for more than one (1) day shall be paid for all such days worked either his current rate of pay or the increment level of the higher position corresponding to his own, whichever is greater. The Common Council shall receive notification of said out-of-title payment at the same time as the Division of Audit and Control"

An employee assigned duties of a higher position for one day should not be paid acting time. Only after one day and the proper notification is made, should an employee be paid acting time rate.

During the 8 week period examined, it was noted that each day the Senior Administrative Assistant used PTO, the Senior Account Clerk Typist and the Senior Clerk were paid acting time. The Senior Account Clerk Typist was paid for 102.5 hours of acting time and the Senior Clerk was paid for 171 hours of acting time. The Senior Administrative Assistant used 76 hours of PTO during this time. On 4 of the days the Senior Administrative Assistant used PTO, she worked from home and earned 16 OT hours while the others earned acting time in her role.

Working from Home

It was represented to the Auditors that Fire Headquarters employees work from home at times. There is no documentation approving this practice.

Findings - Payroll Process and Documentation

No Documentation of Hours Worked

The Fire Department does not document hours worked, neither the number of hours, nor the arrival and departure times on their timesheets. Their timesheets note only that the employee was present on that day. It is not possible to determine hours worked from these records, therefore it cannot be determined if employees were paid the proper amount.

Timesheets and OT Requests not approved by a person having knowledge of the facts

The Fire Department requires three approval signatures for all OT request slips and two approval signatures for all timesheets. Per review of 373 Fire Dept. OT request slips and 148 timesheets within the audit sample period, the following was noted:

- a. 372 of 373 OT request slips examined and 11 of 148 timesheets examined contained a signature stamp from management. A signature stamp is not considered approval as it is unknown who possesses the signature stamp.
- b. 0 of 373 OT request slips had three handwritten approval signatures.
- c. 31 of 148 (21%) timesheets examined did not have two handwritten approval signatures.

Per City Charter Chapter 16-5 item B “Time sheet - Each payroll shall be supported by a written time sheet prepared on forms approved by the Comptroller and certified as correct by a person having knowledge of the facts.” With the use of a signature stamp it is unknown if a person having knowledge of the facts actually reviewed and approved the timesheets and OT request slips as it cannot be determined who is using the stamp.

OT Paid in excess of OT Request Slips

In 3 instances, the amount of OT paid did not agree to OT request slips. In these three instances, the amount of OT paid exceeded the amount recorded on the OT request slip for a total of 7 hours.

Employees with Negative Accrual Banks

There were six Fire Dept. employees that have used a total of 88.5 hours of PTO in excess of what they are entitled to as of 8/30/15.

Vacation recorded on Timesheets Not in Agreement with MUNIS records

On 2 of 148 timesheets examined, vacation time recorded on the timesheet did not agree to the amount of vacation time recorded in MUNIS. The two instances totaled 1.5 days. The employee vacation banks were not reduced by the amount of vacation used.

Audit Recommendations

Reduce OT to Civilian employees.

If civilian duties cannot be completed within the regularly scheduled shift, then staffing levels and scheduling should be adjusted accordingly. Civilian manpower needs are relatively consistent and predictable, therefore, with proper scheduling and staffing levels, the amount of OT should be minimal and significantly less than that of emergency responders.

Fire Headquarters OT must be Approved

OT at Fire Headquarters is not adequately documented. Supervisory review and approval must be noted on OT Requests. A signature stamp cannot be used as approval as it does not determine if the OT requests were reviewed and approved by “a person having knowledge of the facts.” In accordance with the 650 Union agreement, management approval of OT should take place prior to the OT being worked. The OT documentation should note the number of hours approved, the OT hours worked, and the work completed during the OT.

Eliminate the Practice of Paying Acting Time at Fire Headquarters

Employees at Fire Headquarters should not be paid acting time each day another employee uses PTO. Acting time should be paid in accordance with the 650 Union Agreement. Management should determine if employees at lower titles are actually performing duties that are not included in their current titles while higher titled employees are absent. If it is determined that acting time is needed, management should not approve overtime for the absent employee if someone is earning acting time to perform the absent employee’s duties.

Standardize Payroll Forms and Develop Written Instructions on Proper Use

Until such time as the City implements a new time and attendance system, the Fire Department payroll forms should be standardized (timesheets, PTO and OT request forms) and written instructions on their proper use should be published. These instructions will make it clear that timesheets must have sign in/sign out times, must have employee signatures, must have supervisor approval, and that supervisor signature stamps are not acceptable.

Evaluate the Practice of Taking a Full/Partial Day of PTO Combined with OT on the Same Day

This is not a best practice as employees are in effect paid time and a half for time off when using PTO. Management should avoid this practice whenever possible.

Employees Working from Home

Arrangements allowing employees to work from home should only be granted as deemed necessary by management. If necessary, the arrangement should be documented and approved by management and employees.

Automate Time Entry System

The City should invest in an automated time and attendance system. The current system of paper time sheets is antiquated, inaccurate and inefficient. An automated system should include a hand scanner or other device which recognizes the biometric identity of an individual. This would increase internal controls by eliminating the opportunity to falsify arrival and departure times.

Exhibit A

Description of the of Fire Department Payroll Process

The payroll process varies slightly between the Fire Department locations due to the difference in Emergency Responders and Civilian operations.

Employees do not sign in at the start of a shift. One employee is responsible for recording the timesheets at each location. Each location has one timesheet that includes all employees for that respective location. The responsible employee marks down if employees are present or absent. These timesheets are then signed and approved by the company officer or immediate supervisor at the location. A second review and approval is then completed by the Battalion Chief or Supervisor. All timesheets and OT slips are hand delivered to Fire Headquarters by the Battalion Chief or responsible individual. The Senior Account Clerk Typist and Senior Administrative Assistant at Fire Headquarters receive all timesheets and OT slips.

Emergency Responders and Civilian Dispatchers operate on a platoon schedule. Platoons are four days on and four days off. The platoons work two 9-hour day shifts from 8 a.m. to 5 p.m. and then two 15-hour night shifts from 5 p.m. to 8 a.m. Days on and off rotate throughout the year based on the platoon schedule.

Platoon timesheets are delivered to Fire Headquarters every two days. All other timesheets are delivered to Fire Headquarters every Friday. The Senior Administrative Assistant and Senior Account Clerk Typist enter platoon timesheets and OT slips into Timekeeper software (TKS) every two days. Every 14 days the Senior Account Clerk Typist and Senior Administrative Assistant closeout the payroll. The closeout takes place Tuesday, prior to paychecks being issued on Friday. The close out consists of running the TKS error report which finds errors in the payroll entered into the TKS program that are not in agreement with the Fire Department pay structure and regulations per the respective union contracts. The Senior Account Clerk Typist and Senior Administrative Assistant then correct errors identified in the report. The Senior Administrative Assistant then notifies DAC payroll personnel that the payroll is ready. If there are supplemental payments for the pay period, the Fire Department notifies Audit payroll personnel of that as well.

OT

Emergency Responder (Firefighter) OT is driven by manpower requirements necessary to operate the Fire Department on a daily basis. 122 Firefighters are required to be working to adequately staff all locations. In addition, each fire house requires a certain amount of manpower based on the vehicles (engines and ladders) at the respective locations. Twice per day, a manpower report documenting the daily schedule is run and sent to the Budget Department. There is no such manpower requirement for Civilian employees of the Fire Department, with the exception of Dispatch, which requires 3 dispatchers working at all times.



CITY OF BUFFALO
BUFFALO FIRE DEPARTMENT



BYRON W. BROWN
MAYOR

GARNELL W. WHITFIELD, JR.
COMMISSIONER

February 11, 2016

Dear Kevin Kaufman,

Attached please find a response to your January 2016 Payroll Audit.

There were a number of findings in which details were not provided. Due to this lack of information, there is no response on these findings.

I appreciate your offer of assistance with payroll input; at this time I have sufficient personnel enlisted to ensure accuracy and timeliness.

If your suggested meeting for tomorrow is to provide additional information to support your findings, I will be glad to meet with you along with my fiscal committee Commissioners Estrich and Helfer.

Sincerely,

A handwritten signature in black ink, appearing to read "Garnell W. Whitfield Jr.", written over a printed name.

Garnell W. Whitfield Jr.

Commissioner of Fire



CITY OF BUFFALO
BUFFALO FIRE DEPARTMENT



BYRON W. BROWN
MAYOR

GARNELL W. WHITFIELD, JR.
COMMISSIONER

Buffalo Fire Department

Upon review of the Comptrollers Review of Payroll Procedures – January 2016, the following is my preliminary response. Where applicable, all enforcement set forth is based on collective bargaining agreements.

Findings :

Civilian OT Greater than Emergency Responders OT:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.

No documentation of Hours worked:

- Updated timekeeping and overtime forms are being implemented, where civilian employees sign in and out on a daily basis. Overtime and/or Acting Time will be authorized on a daily basis by the department head or his/her designee and reason for overtime/acting time. All requests for overtime/acting time shall be submitted on a standard overtime form (F-66), currently accepted by Payroll Audit.
- All payroll certifications shall be submitted with original signature of direct supervisor.
- Currently, Local 282 employees are marked present by their supervisor for their assigned shift which verifies that they have worked their assigned scheduled shift. If that employee is not present or has not worked the entire shift, it is notated on the timesheet by the supervisor.
- Pending review of Local 282 Contract we agree that all employees should sign in and out.

PTO used and OT earned on the same day:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.
- Use of OT on PTO day will only be used in the case of emergency with prior written approval.

Lower titled employee paid Acting Time rate when employee uses PTO:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.

- Acting time will be treated as overtime and be pre-approved by the Commissioner and his/her designee with the agreed upon responsibilities being defined. Acting time will be paid in accordance to the collective bargaining union of the employee.

Working from Home:

- Employees will not be approved to work from home. If deemed necessary, rationale will be sufficiently documented by supervisor and Commissioner.

Timesheets and OT requests not approved by a person having knowledge of the facts:

- All payroll certifications shall be submitted with original signatures within chain of authority.

OT paid in excess of OT Request Slips:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.
- If it is verified that OT was incorrectly paid, the employee will be responsible for reimbursement.

Employees with Negative Accrual Banks:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.
- If it is verified that employees were not charged correctly, the employee's accrual bank will be adjusted and the employee will be responsible for any necessary reimbursement.

Vacation recorded on Timesheets not in agreement with MUNIS records:

- Documentation that backs up this statement has been requested and at this time, has not been provided to the department.
- If it is verified that employees were not charged correctly, the employee's vacation accrual bank will be adjusted and the employee will be responsible for any necessary reimbursement.



CITY OF BUFFALO

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MARK J. F. SCHROEDER
COMPTROLLER

February 12, 2016

Garnell W. Whitfield Jr.
Commissioner of Fire
195 Court St.
Buffalo, NY 14220

Dear Commissioner Whitfield:

We have received your letter, which responded to the Audit of Fire Department Payroll Procedures, as well as informed me that you no longer would like the Audit Division's assistance in processing Fire Department payroll and implementing the audit recommendations. The offer still stands if you find our assistance would be beneficial.

Your response repeatedly included the statement, "*Documentation has been requested and at this time, has not been provided to the department.*" We have received no such request, but we are happy to allow you and your fiscal committee, Parking Commissioner Kevin Helfer and Finance Commissioner Donna Estrich, to review the audit work papers in our office, City Hall Room 1230.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Kaufman", written over a horizontal line.

Kevin J. Kaufman
City Auditor

cc: Hon. Byron Brown
Corporation Counsel Timothy Ball
Parking Commissioner Kevin Helfer
Finance Commissioner Donna Estrich