

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

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**FOLLOW UP TO THE AUDIT REPORT ON THE  
PAYROLL PROCEDURES AT THE FIRE  
DEPARTMENT**

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**JUNE 2017**

## **Preface**

In accordance with the goals set forth in the Annual Audit Plan, we conducted a follow-up to the January 2016 Audit Report on the Payroll Procedures at the Buffalo Fire Department (BFD). The audit documented and evaluated payroll processing at the BFD. The initial audit report can be found on the City Comptroller website using the link below:

[http://www.city-buffalo.com/Home/Leadership/City\\_Comptroller/Audits](http://www.city-buffalo.com/Home/Leadership/City_Comptroller/Audits)

The objective of the follow-up procedures was to determine if recommendations cited in the audit have been implemented. This follow-up audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The following terms will be used throughout the report:

**Audit Recommendation** – Recommendations from the original audit.

**Testing Performed** – Follow-up testing completed to evaluate if the audit recommendation has been implemented.

**Status** – Commentary provided by Department of Audit and Control (DAC) on the progress made towards implementing the audit recommendation.

**Emergency Responders** – Members of Buffalo Professional Firefighters Association, Local 282.

**Civilians** – Non-uniformed personnel of the BFD, who are members of American Federation of State, County and Municipal Employees, Local 650 and 264.

**FTE** – Full Time Equivalent, the ratio of total regular hours paid during the year divided by the number of annual hours a full time employee is required to work.

**PTO** – Paid time off, this includes vacation, sick and other time off earned.

Testing was performed using payroll information from MUNIS (the City of Buffalo's financial accounting software) as well as BFD timesheets and Overtime (OT) request forms from February 27, 2017 to March 26, 2017. All fiscal year (FY) 2017 OT hours and earnings were annualized based on data through June 7, 2017 (24 of 26 pay periods).

## **Summary**

Prior to starting a follow-up audit, a letter is sent to management requesting an update on the status of implementing the recommendations from the audit. Multiple attempts, beginning March 3, 2017, were made by the DAC to obtain a response. An incomplete response was received from the Fire Commissioner on May 9, 2017 and is attached to the end of this report. It appears that little progress was made in implementing the audit recommendations. The only recommendations implemented were the two that required minimal effort: stopping acting time at Fire Headquarters and stopping employees working from home. Acting time is no longer being earned at Fire Headquarters as two of the three employees who were earning acting time

are no longer working there. Employee working from home stopped as the only employee that was working from home is currently suspended. The other recommendations, which include reducing OT to civilians and improving documentation of OT approval, have not been implemented.

Below is a brief summary of our findings during the follow-up audit:

- Civilian overtime hours worked has increased by 9% in FY 2017 to an average of 401 hours per employee, the equivalent of more than 10 weeks of full time service.
- Emergency responders' overtime hours worked has increased by 27% in FY 2017 to an average of 274 hours per employee.
- Overtime earnings at Civilian Dispatch have increased by 67% in FY2017.
- Civilian Dispatch, which has 11 FTEs, had 98 instances where employees worked 24 or more consecutive hours during FY 2017. Three employees worked nearly 60% of those instances.
- The Fire Commissioner certified the accuracy of the payroll prior to the timesheets and OT requests being approved by management in 1 of 2 pay periods tested.
- The average number of OT request forms per pay period is nearly 700. Each one is manually entered into the Timekeeper system.

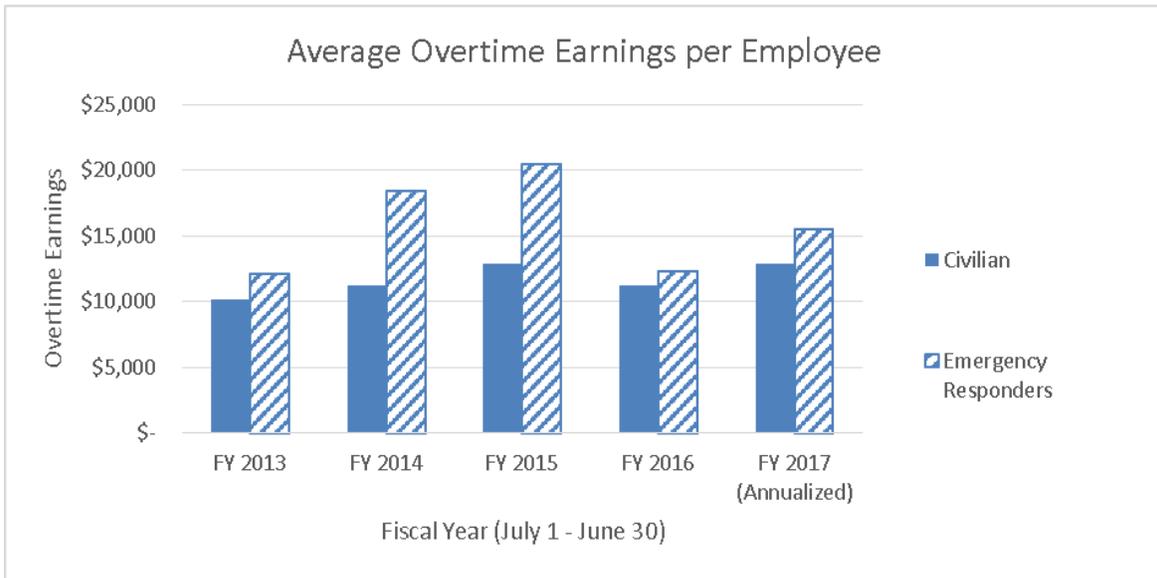
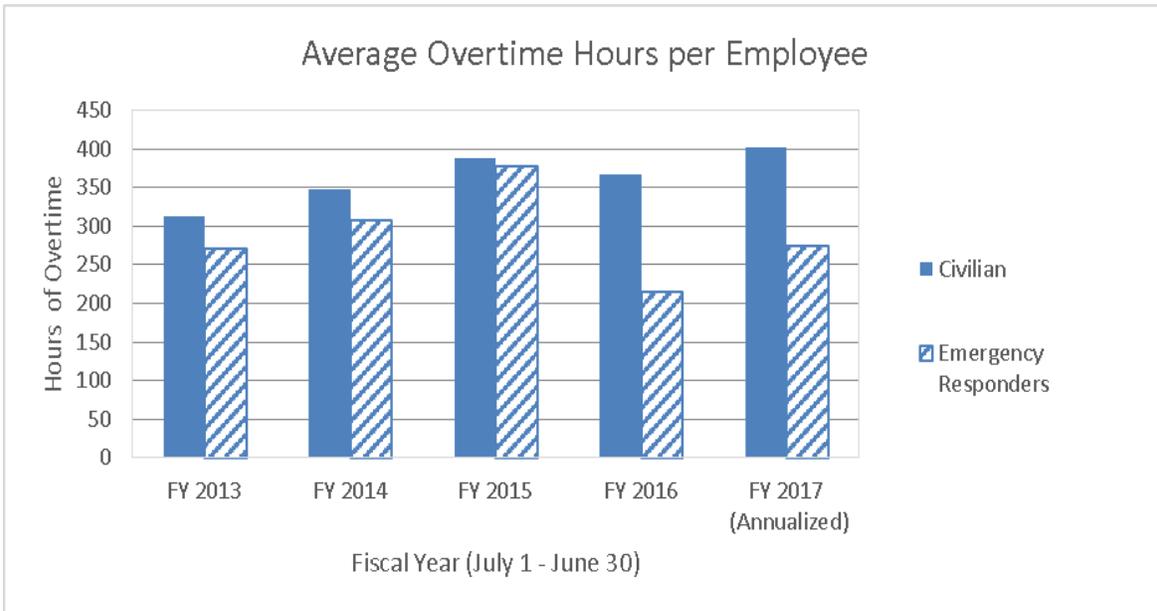
### **Status of Significant Audit Recommendations**

#### **Reduce OT to Civilian employees**

**Audit Recommendation:** 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.

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

Civilian OT hours per employee increased 9% from FY 2016 to 2017 to an average of 401 hours per employee. On average, for the last five years civilian employees worked approximately 363 hours of overtime per year and emergency responders average 289 hours of overtime per year.



During FY 2017 civilian OT earnings increased 14% to average \$12,900 per employee compared to \$11,300 in FY 2016, while staffing levels remained consistent. Civilian OT is at its highest point in the last five years.

Additionally, emergency responder OT increased 26% from FY 2016 to FY 2017, while staffing levels changed by less than three percent.

**Civilian Dispatchers**

OT earnings for civilian dispatch increased 67% from FY 2016 to FY 2017 going from \$141,000 to \$235,000. OT hours incurred increased 47% from approximately 5,800 hours in FY 2016 to 8,600 OT hours in FY 2017.

Civilian dispatchers worked 24 or more consecutive hours on 98 separate instances during FY 2017. Three employees worked nearly 60% of those occurrences. Having dispatchers working 24 consecutive hours is a public safety hazard due to the inevitable fatigue that results from such a long shift.

There are 11 employees at Civilian Dispatch, with one earning more in OT than in base pay (115% of their base pay in OT) and five others who earned between 67% to 77% of their base pay in OT. Three employees earned over 40% of their base pay in OT.

DAC reviewed 16 timesheets and 39 OT Request forms for Civilian Dispatch from 2/27/17 to 3/26/17. 416 hours of OT was incurred by the 11 FTE's at Civilian Dispatchers in the one-month sample. Based on review of these documents, it appears that Civilian Dispatch is understaffed, creating excessive OT. 10 employees earned 26 days of acting time pay for acting in the role of senior dispatcher. Most platoons do not have a senior dispatcher, causing the need for acting time.

### **Fire Headquarters**

The initial audit highlighted several issues related to payroll at Fire Headquarters. Total OT earnings at Fire Headquarters has decreased by 33%. However, in FY 2017 one employee earned \$51,000 of the \$59,000 in OT earned at Fire Headquarters during FY 2017.

### **Fire Repair Shop**

There are five employees at the Fire Repair Shop. Three employees earned OT wages of nearly 50% of their base pay during FY 2017.

### **Fire Alarm Office**

At the Fire Alarm Office, OT earnings increased 7% from FY 2016 to 2017. Five of nine employees earned OT wages in excess of 20% of their base pay salary during FY 2017.

**Status:** The recommendation has not been implemented. Management has allowed OT to increase for both civilians and emergency responders.

### **Fire Headquarters OT must be Approved**

**Audit Recommendation:** 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.

**Testing Performed:** Due to results of the original audit, the scope of testing on this recommendation was increased to include five BFD locations, both civilian and emergency responders were tested. DAC examined 215 OT request forms for the period from 2/27/17 to 3/26/17. There are inconsistencies in how these forms are completed and reviewed amongst the locations. Each form contains three signature approval boxes for the Battalion Chief, Division Chief and Deputy Commissioner.

- 7 OT request forms had 3 handwritten approval signatures
- 164 OT request forms had 2 handwritten approval signatures
- 42 OT request forms had 1 handwritten approval signature of the Deputy Commissioner. It is unknown if the Deputy Commissioner has direct knowledge of these employees working OT, specifically employees that do not work in the same location as the Deputy. 16 of these forms were from locations outside of Fire Headquarters where the Deputy Commissioner is located.
- 2 OT request forms had no handwritten approval signatures.
- 12 OT request forms had employees approving their own OT.
- 1 OT request form cited OT worked due to an employee being out sick. The sick day for the employee indicated is not recorded in MUNIS.
- 1 OT request form cited OT due to an individual reporting late. The use of an accrual is not recorded in MUNIS for the late employee.
- Approval signatures are not dated on the OT request form. It is not possible to determine if OT was approved prior to it being worked.

### **Fire Headquarters**

DAC examined 36 OT request forms totaling 93 hours for the period from 2/27/17 to 3/26/17 for Fire Headquarters employees.

- 2 OT request forms had no approval signatures at all.
- One employee had 18 OT request forms totaling 75 hours with no reason for OT documented.
- One employee had two OT requests for working through lunch. This is not a best practice as an employee is essentially paid for 9 hours (1 being OT at time and a half) for working an 8 hour day.

**Status:** Although no signature stamps were noted, there are still deficiencies with the documentation of OT approvals. The recommendation has not been implemented.

### **Eliminate the Practice of Paying Acting Time at Fire Headquarters**

**Audit Recommendation:** 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.

**Testing Performed:** DAC reviewed Timekeeper data (City of Buffalo payroll/timekeeping software) to determine if acting time was being incurred at Fire Headquarters. Based on review of Timekeeper data, no acting time has been incurred at Fire Headquarters since the initial audit. Two of the three employees who were receiving acting time, as noted in the original audit, are no longer employed at Fire Headquarters.

**Status:** This recommendation has been implemented, no acting time has been incurred at Fire Headquarters during FY 2017.

### **Standardize Payroll Forms and Develop Written Instructions on Proper Use**

**Audit Recommendation:** 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.

**Testing Performed:** DAC examined 63 timesheets for the period 2/27/17 to 3/26/17 for five Fire Department locations and the following was noted:

- 24 timesheets had individuals approving their own time.
- 33 timesheets have the Battalion Chief signature dated on or after the check date indicating the checks were processed before going through the review process.
- Throughout the City, each department head is required to certify the accuracy of their department's payroll prior to the issuance of payroll checks. For the check date 3/17/17 the Fire Department certification was received by DAC on 3/15/17. However, Battalion Chief signatures on the timesheets are not dated until 3/17/17. This indicates the Commissioner certified the payroll as accurate prior to the timesheet review process being completed.

**Status:** The recommendation has not been implemented.

### **Evaluate the Practice of Taking a Full/Partial Day of Paid Time Off (PTO) Combined with OT on the Same Day**

**Audit Recommendation:** 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.

**Testing Performed:** DAC reviewed data from the Timekeeper system for five selected Fire Department locations for the period from 2/27/17 to 3/26/17. There were seven instances where

an employee used PTO and earned OT on the same day. Six of these instances were at Fire Headquarters and Civilian Dispatch.

**Status:** The recommendation has not been implemented.

### **Employees Working from Home**

**Audit Recommendation:** 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.

**Testing Performed:** The Fire Commissioner stated that this practice is not presently occurring. The employee who was working from home during the original audit is currently suspended.

**Status:** The recommendation has been implemented.

### **Conclusion**

Management has not implemented most of the audit recommendations. Implementation of the recommendations would save taxpayers money and create a more efficient work environment for BFD employees. Management's lack of action is preventing the implementation of sound internal controls and improved processes at the BFD. Management, who is ultimately responsible for its system of internal controls, has been unresponsive to numerous offers from the DAC to assist with the implementation of the audit recommendations.



BYRON W. BROWN  
MAYOR

May 9, 2017

CITY OF BUFFALO  
BUFFALO FIRE DEPARTMENT



GARNELL W. WHITFIELD JR.  
COMMISSIONER

JOHNATHAN T. EATON  
VINCENT V. MUSCARELLA  
DEPUTY COMMISSIONERS

Payroll Procedures Follow Up

**Recommendations:**

**1. Reduce OT to Civilian Employees**

- 24%
- 75% of the staff is new
- loss of tenured employees with historical knowledge

**2. OT must be approved**

- All OT pre-approved and reviewed
- No Stamps used in Buffalo Fire Department

**3. Acting Time**

- No OT with PTO (Paid Time Off)
- Acting time greatly reduced

**4. Standardize Payroll Forms**

- Request for OT Slips used exclusively (F-66) (No F-8's)

**5. PTO/OT (Paid Time OFF)**

- No PTO used in conjunction with OT

**6. Working From Home**

- Not being done currently will only be done with my knowledge and extenuating circumstances

**7. Automate Time Entry System**

- City's responsibility