



Fresno Fire Department Overtime Audit



Report 2021-01





Internal Audit Unit

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Honorable Mayor, Mayor-Elect, and Audit Committee Members
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In accordance with Administrative Order 1-10 and after discussions with the Controller, the Internal Audit Unit undertook a limited scope audit of the Fire Department overtime for the audit period of July 1st, 2017 to June 30th, 2019. The Audit Results are presented on page 6. Management's responses to our audit recommendations are presented immediately following the recommendations in the report.

Internal Audit will perform a follow-up audit twelve months after this report is issued to verify that each recommendation has been implemented or that the findings documented have been resolved in a manner that addresses the cause of the issue or risk identified.

We would like to thank staff from the Fresno Fire Department and the Payroll Unit from the Finance Department for their assistance and cooperation during the course of the audit.

Respectfully submitted,

Kriti Chadha Agrawal

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Audit Summary

The Fresno Fire Department (FFD) incurred high overtime for fiscal year 2016 through 2019 due to a number of factors. Due to the significance of overtime in the department's overall budget, the Internal Audit Unit reviewed overtime policies and procedures within the FFD, identified findings, and made the following recommendations:

Findings

- High overtime hours incurred by some sworn FFD staff
 - The top 5% of firefighters for FY 2019 had Overtime Hours ranging from 1,346 to 2,334 hours (Includes out-of-county hours)
 - The Fresno Fire Department does not have a mandatory rest period after several consecutive shifts have been worked.
- Incomplete Shift Replacement/Overtime FD-22 forms
 - Audit identified 48 instances where a FD-22 form were missing (10%) and 107 instances where a Supervisor and Battalion Chief signature were missing (22%)
- Untimely Shift Replacement/Overtime FD-22 form approvals
 - Supervisors signed off on FD-22 forms an average of 8.3 days after the overtime occurred. Battalion Chiefs signed off an average of 11.2 days after the overtime occurred.
 - A total of \$21,882.61 in overpayments occurred during the scope period
 - A total of \$20,937.03 in underpayments occurred during the scope period
- Incorrect premium pay rates used for FLSA overtime caused overpayments
 - Five instances over the scope period where the incorrect premium pay rate was being used for FLSA overtime
 - Total of \$12,808.47 in FLSA overpayments were made over the scope period

Recommendations

- The FFD should consider establishing a maximum number of hours or attempts that individuals can find their own replacement.
- The FFD should consider establishing a mandatory rest period.
- The FFD management should work with the Supervisors, Battalion Chiefs, and the Fire Payroll staff on ensuring all FD-22 forms are appropriately reviewed and approved. If deviations from the standard authorization process are allowable, they should be reflected as such in the Administrative Manual.
- The FFD should work on ensuring that Supervisors and Battalion Chiefs are timely in reviewing and signing off on FD-22 forms that are submitted. An example to expedite the process would be electronically submitting FD-22 forms to the Payroll unit.
- Battalion Chiefs should ensure that all signoffs occur prior to the payroll cutoff day.
- Fire Payroll staff should ensure that payroll is reviewed in a timely manner to ensure that overpayments and underpayments are identified and resolved promptly.
- Premium rates used for FLSA overtime need to be thoroughly reviewed once an MOU is finalized.



Introduction

The FFD was established in 1877, and is one of the oldest departments in the United States. Currently, the Department has twenty fire stations and one Airport Rescue and Firefighting (ARFF) location. Presently there are 302 sworn firefighters in the Fire-Basic (Unit 5) and Fire Management (Unit 10) bargaining units. The FFD provides 24-hour response for various types of emergencies; including fire suppression, medical services, hazardous material incidents, and specialized rescues. In addition to providing these emergency services, the FFD also participates in fire code enforcement, public education, fire prevention, and fire investigation

Administratively, the FFD is structured into six divisions that facilitate the department’s daily operations. The figure below outlines the Office of the Fire Chief and the six divisions, along with the responsibilities assigned to each.

FIGURE 1: Fire Department Divisions

Division	Responsibilities
Office of the Fire Chief	Includes the Executive Management Team, Strategic Planning, Organizational Vision and Implementation, and Grant Oversight.
Operations Division	Includes “A”, “B”, and “C” Shift Battalions, the Communications Center, the HazMat Team, Urban Search and Rescue (USAR) Team Communications, and Air Rescue Firefighting.
Prevention and Support Services Division	Includes the Inspection Unit, issues permits, conducts Fire Code Enforcement, has Public Education programs, and includes the Facilities and Supplies Management units.
Training Division	Includes a Safety and Wellness unit, Accident and Injury investigation, EMS training, and the Recruit, Engineer, and Captain’s Academies.
Personnel and Investigations Division	Includes Human Resources, Personnel Management, Internal Affairs investigations, and Recruitment and Hiring.
Business and Fiscal Services Division	Includes Budget Development, Accounts Receivable, Accounts Payable, Contract Administration, Grant Management, Payroll, and Workers Compensation.

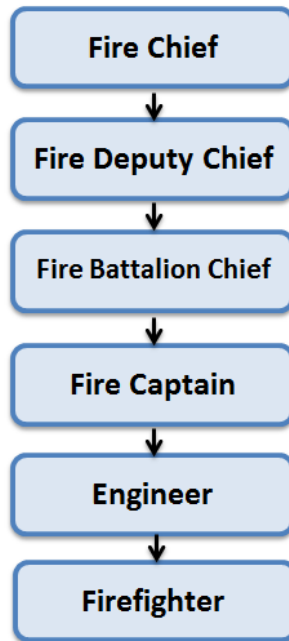
Source: Fresno Fire Department Detailed Organizational Chart

Staffing Model

The FFD operates using a “chain of command” or “rank” system. Figure 2 shows the department’s organizational structure by job classification.



FIGURE 2: Fresno Fire Department Chain of Command



Source: Data obtained by the Internal Audit Unit from FFD

FFD must staff its stations for 24 hours per day, 365 days per year. To accomplish this requirement, FFD utilizes a 3 shifts (A, B, and C) model, each staffed by 80 sworn Fire employees per day. Employees are assigned to apparatus, which are housed at a fire station. All apparatus are staffed with three to four sworn firefighters. Below in Figure 3 is an example of the shifts worked by Fresno Firefighters, with green signifying the A shift, red signifying the B shift, and black signifying the C shift.

FIGURE 3: Fresno Firefighter Shift Calendar

January 2019							February 2019						
Su	M	T	W	T	F	Sa	Su	M	T	W	T	F	Sa
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28		

Source: Fresno City Fire Fighters Local 753 Calendar

These employees work a 48/96 schedule whereby employees work two days followed by four days off. The FFD has a Constant Staffing Policy, which means that all 80 minimum staffing fire positions are filled daily. If a position is vacant for a shift (e.g., someone calls in sick or is on vacation), the department has two ways to fill the position. The first method is to utilize the relief pool. The relief pool is a group of up to 21 employees of equally proportioned ranks used to fill scheduled and unscheduled vacancies. The Relief Pool may fluctuate in number of members based on attrition. When



there are members in the relief pool, such members are assigned before another member is called in on his/her day off to work shift replacement on an overtime basis. The FFD first uses the relief pool to fill vacancies. The assignments vary each day due to several different variables involved. The Battalion Chief at Station 11 is responsible for utilizing the Constant Staffing Policy to select individuals for relief pool assignments. Selection is typically based on comparing the rank of the individuals in the relief pool versus the rank(s) required to fill the vacancies. Rank is based on the job code assigned (ex. firefighter, engineer, battalion chief), as well as certifications for specialty teams, such as ARFF or Hazmat. For example, if an individual is on a specialty team, they will likely be assigned to a specialty team first, since those vacancies are typically harder to fill.

FFD staff can also earn overtime or shift replacement pay by volunteering for overtime. This can be accomplished one of two ways. The first way is for FFD staff to put themselves on the Overtime Hiring List. The Battalion Chief at Station 11 then uses a software solution called TeleStaff to assist in the assignment of overtime shifts. TeleStaff has a module called the Shift Replacement Logging Bucket, which ranks members on the Overtime Hiring List based on two factors—rank and the hours of overtime logged. Simply put, the Shift Replacement Logging Bucket places members on the shift replacement eligibility list based on rank and the lowest overtime hours. When the number of vacancies exhausts the relief pool, another member that is otherwise scheduled to be off is requested to come back to work overtime to meet the department's minimum staffing requirement. Mandatory overtime occurs when all options to fill a vacancy have been exhausted. Based on the needs of the department, employees may be required to report to stations other than those to which they are normally assigned. Up to five personnel in each rank can take off holiday or comp time without finding their own replacement. The system will hire behind them. After that five is met, then finding their own replacement is required.

While TeleStaff is used to assign overtime in some cases, the primary means of earning overtime by FFD members is for them to find their own replacement among the other FFD members. There is currently no limit on how much shift replacement may be worked by FFD members.

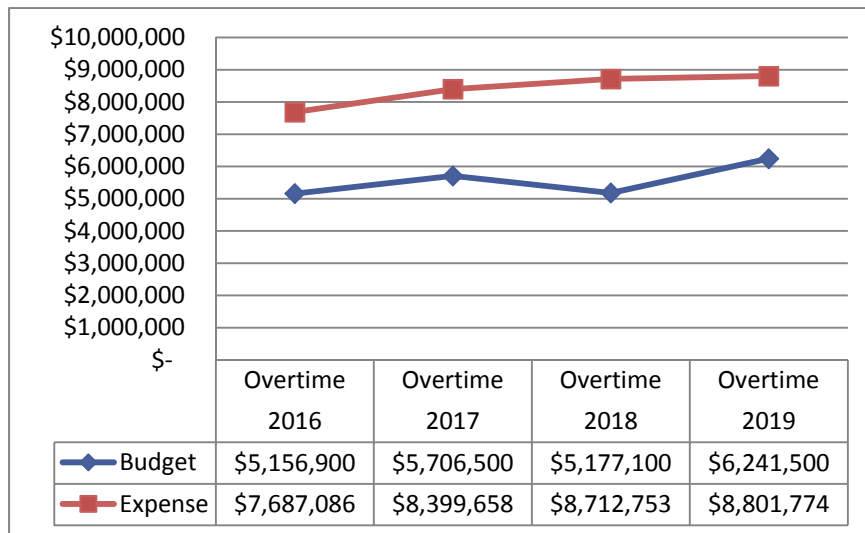
The FFD also utilized TeleStaff for time reporting, scheduling, and tracking. Battalion Chiefs could use the Telestaff roster to assist in daily staffing assignment of apparatus and personnel. The FFD also uses PeopleSoft to calculate employee pay rates and issue paychecks. TeleStaff was replaced with CrewSense in October 2019. Since the transition between time-keeping software occurred after the audit's scope period, Internal Audit's assessment will consist of reviewing TeleStaff and PeopleSoft data from July 1, 2017 – June 30, 2019.



Overtime

The FFD regularly exceeded its Overtime budget for Fiscal Years 2016 through 2019. Figure 4 displays FFD Overtime budgeted versus expensed over the four fiscal years:

FIGURE 4: Overtime – Budgeted vs. Expensed



Source: Actual and Budget combined Minimum Staffing Pay account and Overtime account for Fire Department from PeopleSoft

Overtime is expended in two categories: Minimum Staffing Pay (Shift Replacement) or Overtime. Shift Replacement makes up the most of the overtime category and consists of the cost to staff the 80 sworn firefighting positions daily. This staffing model uses the rules established in TeleStaff to fairly apportion overtime whether it be voluntary or mandatory callback.

Costs also billed to the Overtime account are the product of members working additional hours due to special events, strike team, and training after reaching the work period threshold defined by the Fair Labor Standards Act (FLSA), which establishes guidelines for overtime pay for employees in private and public sectors. Normally, employees are paid overtime for hours in excess of 40 in a work week. But, different rules apply for law enforcement and fire protection employees. The FFD uses Section 7(k) of the FLSA, which identifies a “work period” instead of a work week. Under the 24-day work period model from the FLSA, an employee must work 182 hours in a work period before receiving overtime pay.

The FFD’s preferred method of filling firefighter vacancies is overtime instead of hiring new employees. Analysis has shown it is slightly more cost effective to utilize overtime instead of hiring a new firefighter. Overtime costs in comparison to hiring a new firefighter are shown in Figure 5.



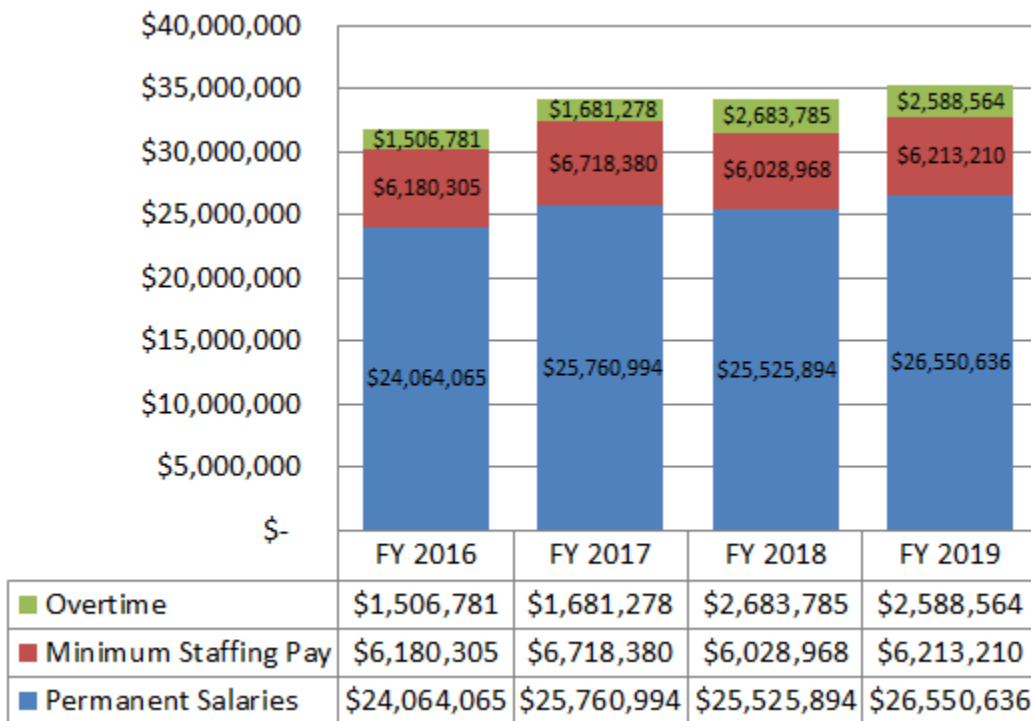
FIGURE 5: New Hire vs. Overtime

Estimated Hourly Rate for a New Firefighter	\$ 42.52
Overtime Rate for an Existing Firefighter	\$ 39.76
Difference in Hourly Rate	\$ 2.76

Source: Firefighter vs. Overtime Shift Replacement costing obtained from the City of Fresno’s Budget Office. This is based on the Memorandum of Understanding (MOU) effective 7/1/2017, with the new firefighter costed on their first 6 months at the “A” step, and the existing firefighter’s overtime costed at the “E” step (includes regular pay, benefits, and supplemental).

Below is a display of actual expenditures for permanent salaries along with the two categories of overtime:

FIGURE 6: FY 2016 to FY 2019 - Actual Expenditures



Source: Based on General Fund financial data from PeopleSoft

Audit Results

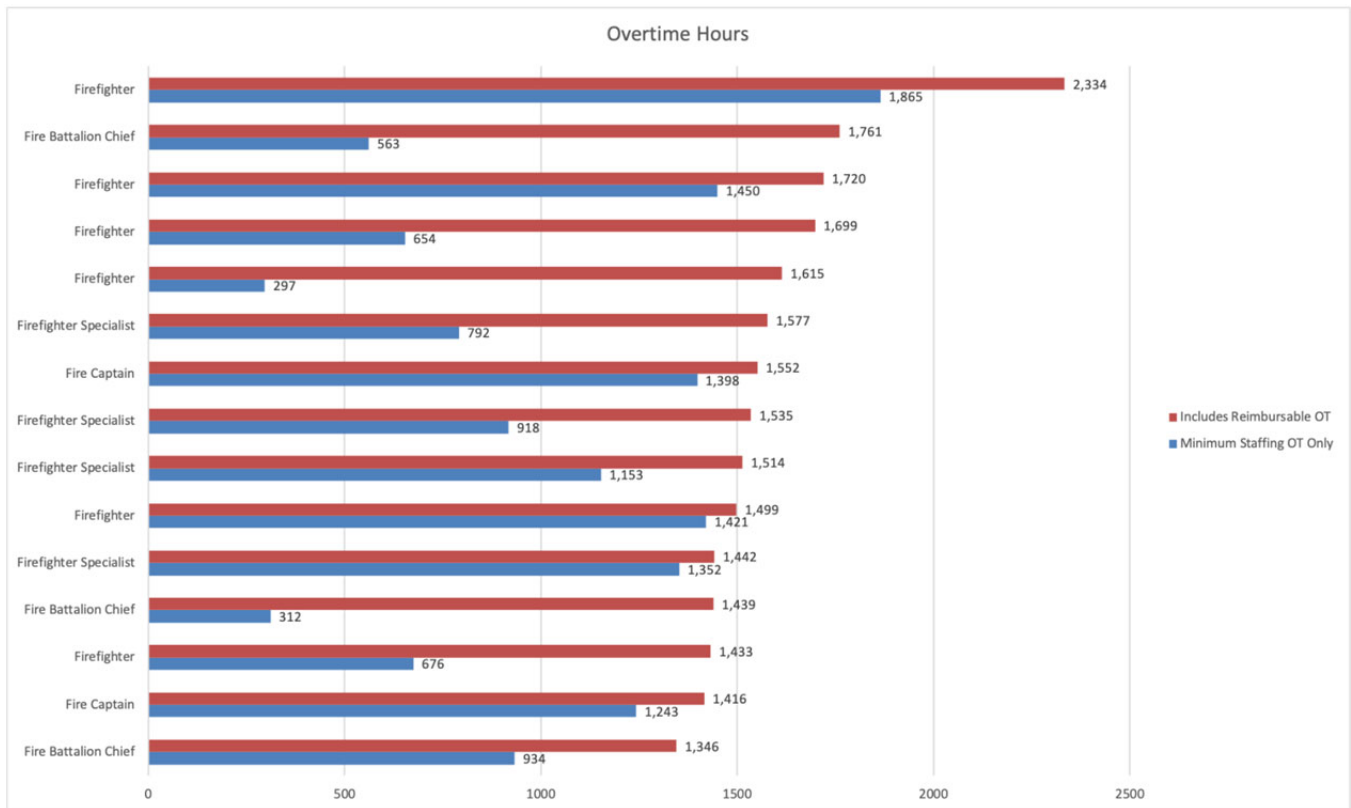
Finding 1: High overtime hours incurred by some sworn FFD staff

The FFD Constant Staffing Policy states that “Every attempt will be made to evenly apportion the opportunity for members to work overtime.” Internal Audit found that policy was not being



consistently enforced. Figure 7 shows the top 5% of fire employees with the most overtime hours for FY 2019. One firefighter worked 1,865 hours of overtime, equivalent to 72 hours of overtime per pay period or three extra 24-hours shifts every two weeks. As mentioned previously, FFD personnel can bypass system-assigned shifts by finding their replacement.

FIGURE 7: Top 5% of Fire Employees with the most overtime hours for FY 2019



Source: Internal Audit generated based on analysis of individuals with the most overtime hours within the Fresno Fire Department payroll data for FY 2019, based on Unit 5 and Unit 10 only.

The median rate of career firefighters per 1,000 people in the western region for a population of over 250,000 was .92. During FY 2020, the Fresno Fire Department had .56 firefighters per 1,000 people. High overtime hours could potentially lead to an increased risk of injuries or accidents due to fatigue. Based on a 2019 report on “Working Hours and Fatigue in the Public Safety Sector” by the National Institute for Occupational Safety and Health from the Center for Disease Control, long hours, fatigue, and shift work may be linked to on-duty injuries and chronic diseases.

The City of Fresno does not have a mandatory rest period for its sworn Fire staff. Mandatory rest periods are also not required for sworn staff at fire departments at the City of Clovis and Fresno County. However, several fire departments have developed required rest periods for their firefighters, as detailed in Figure 8.



FIGURE 8: Overtime Limits Comparison

	Mandatory Rest Periods
City of Fresno	N/A
Fresno County	N/A
City of Clovis	N/A
City of Visalia	12 hour minimum rest after 96 hours of continuous work
City of Sacramento	12 hours minimum rest after 96 hours without a break in service
Los Angeles County	24 hour rest after 5 consecutive shifts

Source: City of Fresno - Administrative Manual 101.002 Constant Staffing Policy; City of Clovis – Memorandum of Understanding between The City of Clovis and Clovis Firefighters’ Association July 1, 2019 through June 30, 2022; Fresno County – Fresno County Fire Protection District Paid Call Firefighter Policy & Procedure Handbook Policy No. 200-16; City of Visalia –Memorandum of Understanding By and Between the City of Visalia and Visalia Firefighters Association (IAFF Local 3719) July 1, 2018 – June 30, 2020; City of Sacramento – City of Sacramento and Sacramento Area Local 522 Fire Fighters Labor Agreement covering employees in the Fire Department Unit 2018-2020; Los Angeles County – Los Angeles County Fire Department policy, per Ashley Kim Los Angeles County Accountant-Auditor

Recommendations

- 1a)** The FFD should consider establishing a maximum number of hours or attempts that individuals can find their own replacement.
- 1b)** The FFD should consider establishing a mandatory rest period.

Please note implementation of this recommendation may need to be discussed with Labor Relations.

Management Response –

Management agrees that these recommendations could be helpful. We have attached an addendum for this response explaining how Shift Replacement (SR) is necessary to the department. Recommendations 1a and 1b are both meet and confer items with the union as they propose a change in work conditions. In addition, moving towards this recommendation would have financial cost to the City since it would require constant members in the relief pool. This would likely require a drill school annually (which costs between \$400,000-\$600,000 depending on recruitment size) to keep up with attrition losses in the relief pool.

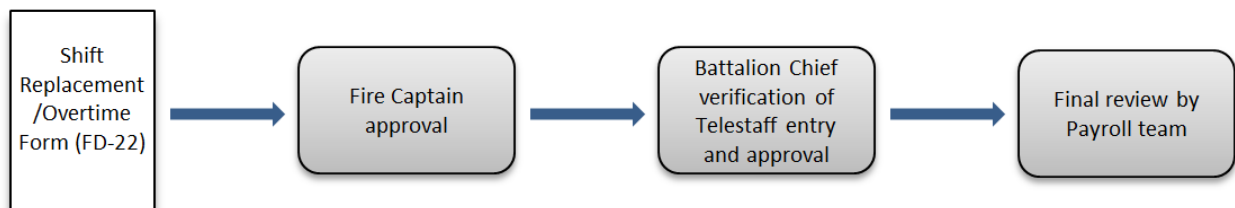
The department is currently collecting information on the consecutive number of hours employees are working. Overtime hours are first awarded to those who voluntarily sign up to work overtime. Not all employees sign up. The top 5% represented in figure 7 signed up on the voluntary hiring list an average of 109 days each. Not all 109 days were granted, just signup.



Finding 2: Incomplete Shift Replacement/Overtime FD-22 forms

The FFD Administrative Manual Section 106.039 (Shift Replacement/Overtime) outlines the policy regarding the use of FD-22 forms. The FD-22 is used to verify that the correct overtime hours are paid. It is also submitted as supporting documentation for reimbursement claims when applicable. For example, the Department of Homeland Security (DHS) requires receipt of the form when they are processing reimbursement requests from the FFD as a condition of a DHS-funded grant. The FD-22 Form lists the firefighter’s name, the date(s) and total overtime hours worked, the type of overtime performed, and verification and authorization by superiors. The FD-22 form must be submitted prior to leaving the work assignment for overtime partial shifts and reimbursable full shift replacements. Once the Fire staff member completes and signs the FD-22, it is sent to their immediate supervisor and the Battalion Chief for signature. Signatures on the FD-22 represent acknowledgement that the overtime performed was appropriate and accurate. The Administrative Manual states that “Battalion chiefs and supervisors are responsible for completing the remainder of the Overtime Report (Through ‘For Department Use only’)”. After the FD-22 forms are approved by the selected individual’s supervisor and Battalion Chief, they are sent to the department’s Payroll Unit for a final review. Below is the authorization process for a FD-22 form submitted by a firefighter:

FIGURE 9: FD-22 Process

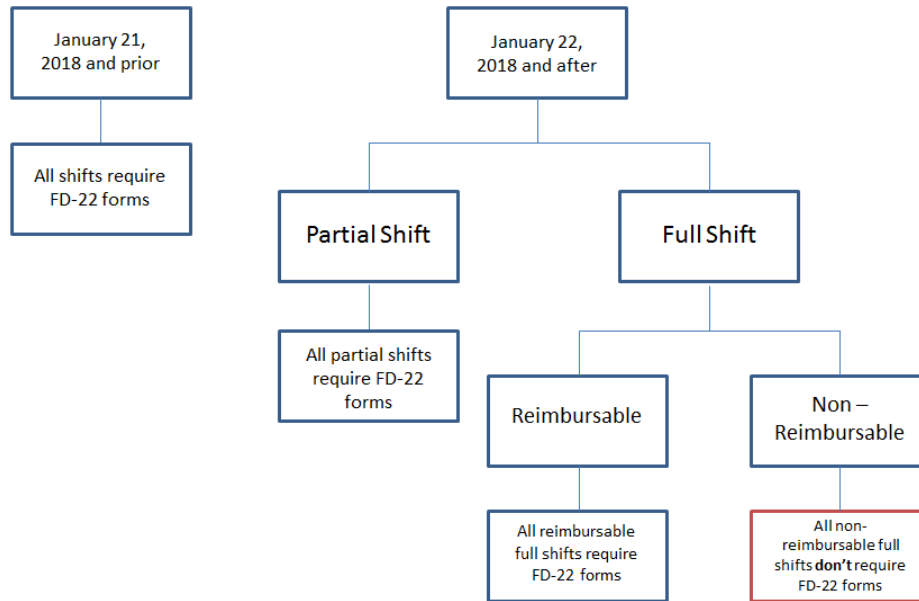


Source: Fresno Fire Department Administrative Manual Section 106.039 Shift Replacement/Overtime Report (FD-22)

The FD-22 Form policy was revised on January 22nd, 2018. Prior to that, an FD-22 form was required for all shift replacement and overtime shifts. The change in policy was made to focus overtime documentation on shifts that involve reimbursement from outside organizations. All non-reimbursable full shifts no longer require FD-22 forms. These individuals are automatically hired and approved based on rules in the TeleStaff system. The following chart provides a visual guide on how to determine if a form is required:



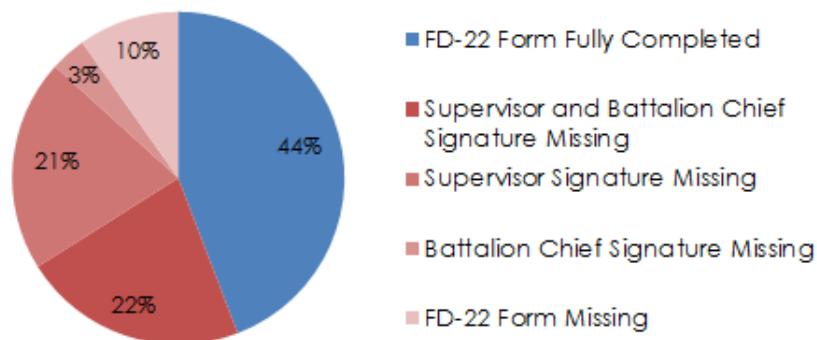
FIGURE 10: Is an FD-22 Form Required?



Source: Special Notice #007-2018 dated January 22nd, 2018, and the Fresno Fire Department Administrative Manual Section 106.039 Shift Replacement/Overtime Report (FD-22)

Internal Audit selected 5% of individuals with the highest overtime hours within the audit period. Audit determined these individuals worked 617 overtime shifts throughout the audit period. Internal Audit reviewed the corresponding FD-22 forms for each instance. Based on the analysis performed, Internal Audit determined the form was required for 489 out of 617 (79%) of the overtime occurrences. As those 489 overtime occurrences sometimes spanned multiple time periods, Internal Audit calculated that 355 FD-22 forms should have been submitted and authorized for those 489 overtime occurrences. The findings for those overtime occurrences are below:

FIGURE 11: FD-22 Testing Findings



Source: Internal Audit testing results of the 489 out of 617 samples that required FD-22 forms, based on the top 5% of individuals with the highest overtime hours and selected payroll dates



Audit identified 48 instances where a FD-22 form was missing (10%) and 107 instances where a Supervisor and Battalion Chief signature were missing (22%). A lack of appropriate authorizations may lead firefighters to submit incorrect forms, which can lead to underpayments or overpayments.

Three FD-22 forms were identified that listed the incorrect number of hours for the range of hours listed. For example, one of these forms listed 20 hours worked, when the range of hours listed was 20:00 to 08:00, which is actually 12 hours worked. This FD-22 form had two separate authorization signatures, but the times weren't corrected. Although this occurrence happened very few times within the sample, Internal Audit cannot rule out that there are additional overtime payments made to Fire sworn staff for which a FD-22 form is missing.

Recommendations

2a) The FFD management should work with the Supervisors, Battalion Chiefs, and the Fire Payroll staff on ensuring all FD-22 forms are appropriately reviewed and approved. If deviations from the standard authorization process are allowable, they should be reflected as such in the Administrative Manual.

Management Response -

Management agrees there should be constant and consistent communication among Supervisors, Battalion Chiefs, and Fire payroll staff to ensure all FD-22 forms are appropriately reviewed and approved. The department will update the Administrative Manual to reflect instructions for out of county FD-22s, which have specialized approval routings.

The Department found 7 instances where the Battalion Chief signed on the Supervisor line. In addition, the Department found that 52 instances where a Supervisor and Battalion Chief signature were missing were related to out of county FD-22s. These forms will not always have a supervisor and/or battalion chief signature. A majority of our out of county events are single, overhead resource positions at which the FFD employee is not being supervised by another FFD employee. In these instances, the FD-22 is compared to the documentation from the incident which is signed off by an authority from the requesting agency (usually Office of Emergency Services or OES). The finance person at FFD who tracks OES deployments is responsible for determining eligible overtime based on the signed incident documents compared to the employee work schedule and verify to what is submitted on the FD-22(s).

It should also be noted, the supervisor for field personnel is the Fire Captain. If the FD-22 is for the Fire Captain, there will be no supervisor signature. The same applies to FD-22s for the Battalion Chiefs. The only signature will be the Deputy Chief.



Finding 3: Untimely Shift Replacement/Overtime FD-22 form approvals

Supervisors signed off on the FD-22 forms an average of 8.3 days after the overtime occurred, and Battalion Chiefs signed off an average of 11.2 days after the overtime occurred. In comparison to the payroll cut-off date, Battalion Chiefs signed off an average of 3.7 days after the payroll cutoff day. Signing off after the payroll cutoff day can lead to payroll issues such as overpayments or underpayments. Audit identified 42 instances where overpayments totaling \$21,882.61 occurred during the scope period. Additionally, Audit identified 46 instances of underpayments totaling \$20,937.03 that were incurred during the scope period. When an overpayment, or payback, occurs, a payback agreement form is completed with employees who agree to authorize the deduction of their pay. Under State law, an employee can keep the overpayment if they do not agree to authorize the deduction of their pay. Out of 33 instances where a payback agreement was reached, there were nine occurrences where the actual date an overpayment occurred and the date when the payback agreement was issued exceeded 100 days.

Recommendations

3a) The FFD should work on ensuring that Supervisors and Battalion Chiefs are timely in reviewing and signing off on FD-22 forms that are submitted. An example to expedite the process would be electronically submitting FD-22 forms to the Payroll unit.

3b) Battalion Chiefs should ensure that all sign-offs occur prior to the payroll cutoff day.

3c) Fire Payroll staff should ensure that payroll is reviewed in a timely manner to ensure that overpayments and underpayments are identified and resolved promptly.

Management Response –

3a) Management agrees. In Telestaff (the system in place during the audit period), certain features were not available. CrewSense (the new payroll system) allows for FFD to enter an FD-22 electronically. However, there is no set up for automated routing at this time. An electronic FD-22 is something we have considered in the past but have not developed an acceptable mechanism to put a form in to effect. The department will continue to work with Crewsense and explore if further development towards automated routing is an option that can be implemented.

3b) Management agrees. The department and Payroll staff will be working with Battalion Chiefs on ways to ensure all necessary signoffs are performed prior to the payroll cutoff day. Payroll will log those instances where signoffs were delayed and work with Battalion Chiefs to rectify on a case by case basis.



3c) Management agrees. The addition of the Accountant Auditor will help ensure payroll is reviewed timely and reconciliations are performed in the current pay period.

Finding 4: Incorrect premium pay rates used for FLSA overtime caused overpayments

The MOU for Unit 5 firefighters is updated every two years, and includes an updated pay rate for specialty team premium pay, certification premium pay, education incentive pay, and a bilingual premium pay rate. When hours worked exceeds 182 hours, FLSA overtime is paid and includes a rate of payment for these various premium pay rates based on the associated MOU. Internal Audit identified 5 instances throughout the audit scope period where incorrect premium pay rates were used. For example, for the Unit 5 MOU effective from August 20, 2018 through August 16, 2020, the operations certificate premium pay rate per the MOU was \$75 per month, equivalent to \$.31 per extra hour, but was being paid at a rate of \$100 per month, equivalent to \$.41 per extra hour. As a result of the incorrect rates applied, there was a total of \$12,808.47 in overpayments for the scope period.

Recommendations

4a) Premium rates used for FLSA overtime need to be thoroughly reviewed once an MOU is finalized.

Management Response -

4a) Management agrees improved reviews will help in this area. The addition of the Accountant Auditor will add a level of review to ensure when a new MOU goes into effect, all corresponding rates used in all aspects of payroll will be appropriately adjusted. That said, however, during the audit period, the department processed over \$106 million in payroll transactions and payroll errors in this dollar range seems reasonable. Efforts will continue, however, to eliminate such errors.



Scope and Methodology

In accordance with Administrative Order 1-10 and after discussions with the Controller, the Internal Audit Unit undertook a limited scope audit of Fire Department overtime for Fiscal Years 2018 and 2019. The table below outlines the audit objectives and Internal Audit’s methods for addressing them.

Table 1 – Audit Objectives and the Methods Used to Address Them

Audit Objective	Procedures
1. Test controls related to administration, use, and distribution of overtime.	A. Selected 5% of employees with the highest number of overtime hours. B. Analyzed the process of the administration, use, and distribution of overtime.
2. Review the FFD payroll process, including documentation and supervisory review.	A. Interviewed appropriate FFD staff to understand the payroll process. B. Reviewed timesheets for selected 5% of employees, and ensured: <ul style="list-style-type: none"> i. All required signatures were obtained for approval ii. There was adequate documentation

Source: Internal Audit

Scope Exclusions

Our audit focuses on Unit 5 (Fire Basic) and Unit 10 (Fire Management) employees, and does not include review of controls for other units in the FFD.



**FRESNO FIRE DEPARTMENT
INTERNAL AUDIT REPORT - ADDENDUM TO MANAGERIAL RESPONSES
UNDERSTANDING SHIFT REPLACEMENT (SR) OVERTIME**

How SR Overtime Cost Can Exceed \$6 million Annually - A Simple Formula:

	<u>Unit 5</u>	<u>Unit 10 (BC)</u>
Members on 56/ hr duty each shift	80	4
There are 3 shifts	<u>3</u>	<u>3</u>
Total department members on 56/hr Duty	240	12
Avg # of times annually ea. member is off due illness, vacation , injury, etc	<u>21</u>	<u>21</u>
= Annual "expected" # of shifts requiring backfill >	5,040	252
Avg cost of an SR Shift (blended of all positions FC, FFS, FFS for Unit 5)	<u>\$ 1,136</u>	<u>\$ 1,459</u>
	\$ 5,724,498	\$ 367,715
	a	b
		<u><u>\$ 6,092,214</u></u>

**Annual SR cost "expected" in a normal year with no relief pool:
wheras normal = all members are off 21 shifts, some years may be
higher/lower**

There are two ways to backfill over 5,000 annual vacancies: 1) Hire additional members and build the relief pool; or 2) Pay existing members Shift Replacement Overtime (SR). The cost to the City either way approximates one another, with the cost of hiring slightly exceeding the cost of OT in the long term, not to mention the cost of a drill school to hire new members. (Note: Shift Replacement is synomonous with minimum Daily Staffing on Expense Reports)

It is important to understand that each "hired" member works about 100 shifts (24hr per shift) annually, with an average of 21 shifts off. In order for the City to completely eliminate SR, approximately 53 individuals would need to be hired to fill all 5,292 vacant shifts (5,040 + 252 above). A cost that would well exceed the \$6,092,214 paid in SR. The Fire Department tries to find a "sweet spot" that enables shift replacement to be worked by those members willing to do so, but also maintain a relief pool level that avoids burn-out/excessive shifts worked by its members.

Vacancies and Overtime Counter-balance:

Whether a position is filled or vacant, it is always funded. A vacant position creates savings because there are no costs being applied against the funded position. Vacancies result a "favorable budget variance" on the Salary and Benefits lines because appropriations are not being spent against. Keep in mind though, vacant positions result in higher SR costs. Accordingly, you cannot look at an unfavorable budget variance in SR (Minimum Daily Staffing) alone, without taking into consideration the number of vacant positions, which are budgeted on different expense lines. During the period under audit, the department had between 25 and 30 sworn vacant positions and a hiring freeze was in place at the time. This of course created the unfavorable but expected variances in the Minimum Daily Staffing expense line.



FRESNO FIRE DEPARTMENT INTERNAL AUDIT REPORT - ADDENDUM TO MANAGERIAL RESPONSES UNDERSTANDING SHIFT REPLACEMENT (SR) OVERTIME

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Why Is It Budgeted This Way?

The City provides enough funding for the department to have a full 21- member relief pool for the entire year. These "relief pool" appropriations are reflected in the Salary and Benefit lines. Because of this funding structure, the budgeted amount for SR was set at \$4.3 to \$4.9 million which reflects a level as if the department has a full relief pool all year long, which is not the case as attrition takes place during the year. (Remember, the City funded a relief pool by virtue of funding all PCNs, they do not duplicate this funding in the SR line). So for every single vacancy, there will be an overage in the SR OT line, but an offsetting savings in the Salary and Benefit lines. Put another way, the City uses salary savings from vacancies to fund overtime overages. It is budgeted this way intentionally, so it is no surprise to see an unfavorable budget variance in SR because of vacant positions. Finally, it is important to note that certain members will always make themselves available to work SR. Yes, they are earning high dollars from SR, but they are essentially saving the City the offsetting costs of paying salary and benefits to hire additional staff. From a financial perspective, it really comes down to whether this cost to backfill is reflected in the SR line or in the Salary and Benefits line. Either way, the cost is unavoidable.