

Office of the City Auditor

City of
Gainesville,
Florida

PUBLIC

2023 Police Overtime Billing and Collections

December 6, 2023



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2023 Police Overtime Billing and Collections Audit

Executive Summary

What We Did

We performed an audit of police overtime billing and collections processes. The objective of this engagement was to review the adequacy and effectiveness of processes and controls for third-party billing and collections related to police overtime. Specifically, the audit team:

Governance

- Assessed the adequacy and completeness of policies and procedures governing, and management oversight and monitoring for police overtime billing and collections.

Event Communication

- Reviewed the adequacy and effectiveness of internal controls around communicating event overtime availability to officers and creating events and customer communications.

Event Reporting

- Reviewed the adequacy and effectiveness of internal controls and processes around Police Overtime reporting.

Event Billing and Collection

- Reviewed the adequacy and effectiveness of internal controls and processes around Police Overtime Billing and collections.

Information technology information is not available in this public report, pursuant to Florida Statutes 119.0725(2).

What We Found

The Gainesville Police Department (GPD) established procedures to guide the billing and collection of police overtime services (extra-duty) to third parties. GPD's procedures for communicating the availability of third party overtime events are transparent and accessible to all impacted personnel. However, we identified opportunities for enhancement in the following areas: governance, billing and collections.

Issue #1 – Governance

- Procedures do not guide oversight and monitoring of overtime billing and collections or rate determination.
- Periodic monitoring of police overtime billing and collections processes were not documented.
- The process for determining third party overtime rates were not documented, effective dates for all rate increases are not maintained, and documentation that administrative costs were considered in rates was not maintained.

Issue #2 – Event Billing and Collections

- Overtime hours worked for six events were not recorded in a timely manner, resulting in inaccurate billing. We identified 192 computational errors in the invoice review reports used to initiate customer billing. Customer applications for overtime services were generally not available for review.
- Ten customers were not billed for all hours provided. Fourteen customers were not invoiced, totaling \$7,523. Interdepartmental costs of \$32,396 were not allocated, and customers did not remit payment for eight invoices totaling \$14,336.

Information technology information is not available in this public report, pursuant to Florida Statutes 119.0725(2).

We would like to thank the Gainesville Police Department and the Department of Financial Services personnel for their cooperation, accessibility, and professionalism throughout this review.



INTRODUCTION

The objective of the Police Overtime Billing and Collections Audit was to review the adequacy and effectiveness of processes and controls for third-party billing and collections related to police overtime. Third parties refer to persons or entities that are not part of the Gainesville Police Department utilizing police overtime services. Third parties include the Gainesville community and other departments of the City. This audit was included in the City Auditor's Audit Plan. Audit scope and methodology, results, and conclusion are summarized below while background discussion begins on page 7.

SCOPE AND METHODOLOGY

The scope of this review included an assessment of the operating effectiveness of controls related to police overtime billing and collections. We performed the audit through inquiry, observation, and substantive testing for processes in scope. Specifically, the audit team:

Governance

- Assessed the adequacy and completeness of policies and procedures governing police overtime billing and collections.
- Assessed the adequacy of management oversight and monitoring related to police overtime billing and collections.

Event Communication

- Reviewed the adequacy and effectiveness of internal controls around communicating event overtime availability to officers.
- Assessed the adequacy and effectiveness of internal controls and processes for creating events and customer communications.

Event Reporting

- Reviewed the adequacy and effectiveness of internal controls and processes around Police Overtime reporting.

Event Billing and Collection

- Reviewed the adequacy and effectiveness of internal controls and processes around Police Overtime Billing.
- Reviewed the adequacy and effectiveness of internal controls and processes around Police Overtime revenue collections.

Information technology information is not available in this public report, pursuant to Florida Statutes 119.0725(2).



RESULTS AND CONCLUSION

As a result of our audit, we identified opportunities for improvement around police overtime billing and collections governance, event billing and collections. Audit issue details with management action plans are included within the *Audit Issues and Management Action Plans* section beginning on page 10.

Figure 1

AUDIT ISSUES AND RISK RATINGS		
High Risk	Moderate Risk	Low Risk
	1. Governance	
	2. Event Billing and Collections	

- **High Risk:** Key controls do not exist or are not effective, resulting in an impaired control environment. High-Risk control weaknesses require immediate corrective action detailed in the management action plan.
- **Moderate Risk:** Adequate control environment exists for most processes. Moderate risk control weaknesses require corrective action detailed in the management action plan.
- **Low Risk:** Satisfactory overall control environment with a small number of low-risk control improvement opportunities that do not require corrective action or a management action plan.

What Was Done Well

As a result of the audit, we identified the following procedures and processes established by management that are adequately designed and are working as intended:

- GPD's procedures for communicating available billable overtime events are transparent and accessible to all impacted personnel.
- The process of transferring customer payment information from the City's payment system to the City's ERP system is effective.
- The fiscal department implemented a billing log that effectively tracks billing information received from the special events and assignments coordinator to the ERP system's invoice.

We would like to thank the Gainesville Police Department and the Department of Financial Services personnel for their cooperation, accessibility, and professionalism throughout this review.



BACKGROUND

The Gainesville Police Department (GPD) provides community-oriented law enforcement services to the City of Gainesville. In responding to public and private needs for police service and traffic direction, GPD provides overtime services to the community for a fee. The services provided include traffic control, crowd control, uniform security assignments, and other services for private or public employers approved by the Chief of Police. The hours incurred in providing this service to the community are classified as police billable overtime.

Financial Overview

The City established the Police Billable Overtime fund to account for revenues and expenditures associated with billable overtime that GPD performs outside their regular duties for City and non-city events. The fees charged for police billable overtime should cover variable costs. The rates for police billable overtime are based on officers' rank and are approved by the Chief of Police. The audited financial statements reflect a negative fund balance for fiscal year 2020 to fiscal year 2022 and an operating deficit for fiscal year 2022 for the Police Overtime fund. See Figures 2 and 3 below.

Figure 2 – Balance Sheet – Police Billable Overtime

	BALANCE SHEET		
	30-Sep-22	30-Sep-21	30-Sep-20
	\$	\$	\$
Total Assets	212,650	364,171	68,093
Total Liabilities	552,035	598,847	212,028
Total Deferred Inflows of Resources	127,795	-	-
Total Fund Balances	(467,180)	(234,676)	(323,935)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	212,650	364,171	68,093



Figure 3 – Statement of Revenues & Expenditure Police Billable Overtime

STATEMENT OF REVENUES & EXPENDITURES			
	30-Sep-22	30-Sep-21	30-Sep-20
	\$	\$	\$
Revenues - Charges for Services	740,116	620,259	606,135
Expenditures- Public Safety	972,620	531,000	515,185
Excess (Deficiency) of Revenues Over (Under) Expenditures	(232,504)	89,259	90,950

Police Third Party Overtime Billing and Collections Process

The Police Overtime Billing and Collections process is decentralized and involves different City departments. The GPD's Special Events and Assignment Coordinator is responsible for communicating, recording, reporting, and approving billable hours. The GPD Fiscal Department initiates billing to customers, and the City's Department of Financial Services completes the invoice processing and collects revenues. Figure 4 depicts the police overtime billing and collections process.

Figure 4 – Police Third Party Overtime Billing and Collections Process



GPD Special Events and Assignment

The Gainesville Police Department (GPD) established General Order 22.4 Overtime/ Extra-Duty Details¹ to provide guidelines for working extra-duty details (police billable overtime) to third parties. The Special Events Supervisor or their designee administers police billable overtime. The general order outlines eligibility to work overtime, the procedure for communicating and coordinating available overtime events, rules for signing up for available overtime, and the process for handling exceptions. Our review noted that the event communication process outlined in the procedure is transparent and accessible to all impacted personnel. We noted that documented procedures do not include oversight and monitoring of the billing and collections of police billable overtime services. See audit issue #1 for details.

¹ See link to [GPD General Order 22.4](#)

Police officers, corporals, sergeants, and police service technicians (members) who have completed the appropriate Field Training Program and achieved solo² status are eligible to work billable overtime duties. Lieutenants are also eligible to work billable overtime duties. For overtime assignments paid by the City, there must be a minimum of two or more positions posted.

GPD maintains details of available duties and assignments in the Overtime Module. Third party overtime is not mandatory. Therefore, members are required to contact the Special Event and Assignment Coordinator to establish an account. Members must also contact the Information Technology (IT) Department to be added to the email notification list. During the audit, one hundred and eighty-nine GPD personnel were included on the email notification list maintained by the GPD IT Department.

GPD members must enter actual extra duty overtime hours worked within 72 hours of the event in the Overtime Module for billing purposes. We noted instances where personnel did not record hours worked within 72 hours. See audit issue #2 for details. At the beginning of each month, the Special Events and Assignment Coordinator submits an invoice review report of completed overtime hours and costs from the previous month to the Fiscal Department.

Billing - GPD Fiscal

The GPD Fiscal Department (Fiscal) receives invoice review reports from the GPD Special Events and Assignments Coordinator at the beginning of each month and initiates the customer billing process, and sends an invoice review report to Fiscal. Then, Fiscal personnel start the invoicing process for non-city customers and interdepartmental journals for city departments. Since October 2022, Fiscal maintains a billing log of invoice review reports received, and invoices generated to ensure customers are billed for billable overtime services provided. At the time of the audit, 252 event entries for police billable overtime services to customers from July 2022 to June 2023 were recorded in the billing log. Customers were invoiced between December 2022 and August 2023. We noted that police overtime billing and collections processes are not adequate to ensure that customers pay the City for police overtime services to third parties. See audit issue #2 for details.

Billing and Collections - Department of Financial Services

The Department of Financial Services reviews and completes the customer invoicing and interdepartmental journals in the ERP System. The invoice is printed and mailed to the customer. The City gives customers 30 days to settle invoices. Customers pay for services received at the City's Revenue and Receivables Department or by wire transfer. Payments are processed in the City's payment system, and the data is transferred to the City's ERP system. The audit revealed that the transfer process is effective.

Late notices are sent for past due invoices beginning at 30 days past due and, after that, monthly. Invoices that are over 180 days past due are assigned to a collector.

² Officers who achieve solo status can patrol without a partner, making them eligible for to work billable overtime events.



Member Participation

At the time of the audit, the ERP system included 284 GPD personnel eligible to participate in billable overtime based on their rank. Two hundred and twenty-one current and former GPD personnel completed billable overtime from October 2021 to June 2023. Overtime slots for 42 Alachua County Sheriff's Office personnel are included in the City's Overtime Module, as they participate in overtime coverage for one large third party customer. Figure 3 below outlines the billable overtime slots in the period reviewed by job title.

Figure 5 – Member Billable Overtime Slots by Rank

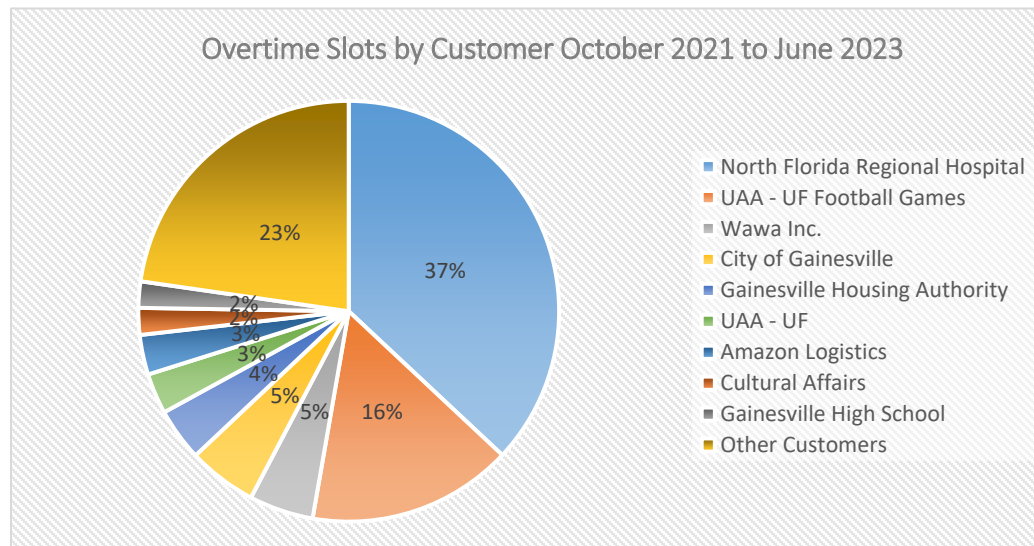
Job Title	Number of Current Ranked Members Per ERP Systems	Members with Billable Overtime	Number of Slots Completed
Police Officers	175	122	2,100
Police Corporals	34	30	544
Police Sergeants	38	37	1,147
Police Service Technicians	21	12	93
Police Lieutenants	16	16	463
Special Events and Assignments Coordinator	0	1	1
School Crossing Guard	0	3	5
Alachua County Sheriff's Office*	0	42	787
	284	263	5,140

*GPD shares North Florida Regional Hospital duties with Alachua County Sheriff's Office personnel

Event Customers

GPD provided billable overtime services to one hundred twenty customers from October 2021 to June 2023. GPD created five thousand one hundred forty police billable overtime slots for customers. Nine customers accounted for 77% of the event slots. A breakdown of the slots by customer is depicted in Figure 6 below.

Figure 6 – Billable Overtime Slots by Customer



AUDIT ISSUE AND MANAGEMENT ACTION PLAN

ISSUE #1 – Governance

Risk rating: Moderate

Observation:

Gainesville Police Department (GPD) governance over the billing and collections process for police billable overtime (extra duty) services requires enhancement in oversight and monitoring, and rate determination.

Oversight and Monitoring

While there are procedures in place guiding the billing and collections of police overtime services to third parties, the procedures do not guide oversight and monitoring of the billing and collections of those services. Additionally, there is no documentation of periodic monitoring performed to determine compliance with procedures and the effectiveness of the billing and collections process.

Event Rate Determination

There is no documented procedure guiding how overtime rates are determined for police overtime services to third parties. The method of communication of rate increases is not standardized. Documentation of the effective dates for all rate increases is not maintained. Documentation to confirm that GPD considered administrative costs in determining rate increases was not available.

Criteria:

Government Finance Officers Association (GFOA) best practices Policies and Procedures Documentation states that policies and procedures should be documented to communicate department purpose, key process activities, key roles and responsibilities, and oversight and reporting.

Per principle 16 of the United States Government Accountability Office internal control standard, management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.

GFOA best practices recommend that governments should adopt formal policies regarding charges and fees. The policy should identify the factors (affordability, pricing history, inflation, service delivery alternatives, and available efficiencies) to be taken into account when pricing goods and services.

Cause:

The lack of oversight and monitoring to ensure compliance is attributed to a decentralized process within the billing and collections of police overtime services to third parties. The decentralized approach spreads responsibilities and decision-making across various departments, making it difficult to assign the responsibility of oversight and monitoring to one department.



Risk:

The lack of oversight and monitoring increases the risk of non-compliance with policy and procedures, which exposes the City to loss and reputational harm. Where policies and procedures are not established for determining fees, the risk of not covering the cost of police overtime services to third parties increases.

Recommendation:

We recommend management:

- Establish procedures to monitor performance to ensure goals are achieved and are in compliance with policies and procedures applicable to the billing and collections of police overtime services to third parties.
- Establish procedures for determining rates for police overtime services to third parties. The procedure should include the cost component (for example, worker's compensation, fuel, use of equipment, and any other actual or potential costs to the City), approval process, and communication process.

Management Action Plan

To increase the oversight and monitoring of the police overtime billing and collection process, GPD will establish procedures to monitor performance, including benchmarks, Overtime Module assignment reviews, and system changes. GPD will also work with the Department of Financial Services on procedures applicable to the billing and collection of police overtime services to ensure that each department's role is clear.

GPD will also formalize existing procedures for determining rates for police overtime services to third parties. The rate calculation will include average cost per officer, administrative overhead, equipment depreciation, fuel costs, vehicle maintenance costs, and anticipated union contract raises.

As suggested, GPD will document the procedures to communicate department purpose, key process activities, key roles and responsibilities, and oversight and reporting.

Due date:	July 31, 2024
Responsible Party:	Dmitry Nirenberg
Accountable Party:	Chief Lonnie Scott
Consulted Party:	Cesar Leal
Informed Party:	Cynthia Curry



Issue #2 – Event Billing and Collections

Risk rating: Moderate

Observation:

Police overtime billing and collections processes are not adequate to ensure that customers pay the City for police overtime services to third parties. The areas that require strengthening are reporting, billing, and collections.

Reporting

Internal controls are not sufficient to ensure the timely recording of overtime hours worked by officers or accurate computation of actual costs for services provided. Officers working overtime hours did not update the hours worked for six events within the stipulated period, resulting in inaccurate customer billing. Officers updated the systems with actual hours worked between 4 and 79 days after the event ended. The delay in the update resulted in under billings of \$2,712.

One hundred and ninety-two instances of inaccurate computation of actual cost were identified in the invoice review report from October 2021 to June 2023. In addition, while customer applications are retained at times, only 45 of 446 applications for events from October 2021 to June 2023 were available for review during the audit.

Billing and Collections

During our review, we noted that internal controls around police overtime services to third parties are not sufficient to ensure that customers are billed timely, costs are allocated to user departments, and payments are received from customers. Specifically,

- 10 of 191 customers receiving police overtime services were not billed for all hours provided. Additionally, GPD customers were not invoiced a total of \$7,523 for 14 of 191 events from October 2022 to June 2023. Inter-departmental police service costs of \$32,396 were not allocated to user departments for 13 events.
- Some customers were not invoiced timely for services provided. Forty-three invoices generated from October 2022 to June 2023 were dated more than 45 days after the service month ended. Forty were for events in the period July 2022 to November 2022, and were invoiced between December 2022 and May 2023.
- 59 of 292 invoices for police overtime services to third parties between October 2021 and June 2023 were reviewed. Customers did not remit payment for 8 of 59 invoices totaling \$14,336.

We also noted that the invoice approval process requires strengthening. The ERP system business process workflow does not include key personnel, whose validation could detect errors or unwarranted invoice cancellations or adjustments.



Criteria:

Per GPD General Order 22.4, members shall complete their overtime details in the Overtime Module within 72 hours after the end of the detail. The timekeeper runs a Daily Payroll Report in the Overtime Module, and the Fiscal Office generates invoices to vendors based on approved overtime details.

The Fiscal Department Billing Procedures states that GPD bills customers in arrears for extra-duty overtime assignments. At the beginning of each month, the Special Event and Assignment Coordinator sends Fiscal the documentation for billable overtime performed during the prior month.

The Government Financial Officers Association (GFOA) Revenue Control best practice for billing and collection includes the following: Accounts receivable should be established for services provided in advance of payment, and terms for collection should be established. Per established procedures, bills should be initiated, recorded in an accounts receivable system, and generated within an established timely manner after initial service delivery.

Cause:

There was no defined process for monitoring for compliance with reporting requirements for officers. Therefore, management did not detect unreported hours. Some event information was excluded from the system-generated monthly reports. The collections were not consistently monitored during the period. Management revised the collections procedures; however, the revised procedures are not finalized.

GPD's Fiscal Department was understaffed in 2022; as a result, the Fiscal Department prioritized the payment of outstanding invoices, not customer billing.

Risk:

Incorrect or late customer billing increases the risk of losses due to bad debts. Incorrect billing also results in a loss of revenue for police services and increased overtime costs for the City. Additionally, failure to allocate the inter-departmental service costs could result in inaccurate financial reporting.

Recommendation:

We recommend that management:

- Establish a process to review the overtime reporting system monthly to confirm that officers' hours are updated in the system prior to submitting the invoice review reports for customer billing.
- Review and test formulas in the Overtime Module Invoice Review Report to ensure accurate computation of costs for services provided.
- Review and update the billing procedures. Specifically, the update should include reconciliation to verify that customer billing is complete and an inter-departmental cost allocation timeline.



Management Action Plan

Management agrees with the recommendations. In response, GPD, with the support of the Department of Financial Services (DFS), will implement the following actions:

- GPD will establish a process to review the overtime reporting system to confirm that officers' hours are correct. This enhancement will include implementing changes in the Overtime Module to lock officers out of signing up for additional overtime details if they do not close their assignments within 72 hours of an event. An automated email reminder will notify officers of assignments not closed out after 24 hours. Moreover, we have already started to use "incomplete" reports to catch overtime slots that have not been closed out. These reports crosscheck with Workday time entries.
- GPD IT will evaluate current reports in the Overtime Module for accuracy and work with the City Auditor's Office to obtain details of the reports with calculation errors during the audit to review them and fix the code as necessary.
- GPD's Fiscal Unit will update its billing procedures to require documentation of periodic reconciliation issues that were discovered and how they were addressed.
- GPD will work with DFS to implement invoice approval workflow in Workday. This process will include adding the Analyst Lead to the approval chain for customer invoice submissions and any changes, including cancelations. (GPD requested this action in April 2023 through the Change Control Board, which decided to add it as a review item for the ITN when the consultants review all Business Processes). GPD also recommends that the invoice date in customer invoices in Workday be applied when the invoice has final approval rather than when it is submitted. This action will solve the potential problems when DFS denies an invoice.
- GPD will consider requiring advanced payments for police overtime services to third parties.
- The Police Department faces the same staffing issues as the rest of the City. GPD will continue to work with HR to attract and retain talent.

Due date: July 31, 2024

Responsible Party: Hannah Smith, Dmitry Nirenberg, Phyllis Plummer

Accountable Party: Chief Lonnie Scott, Tracy Whiteley

Consulted Party: Cesar Leal

Informed Party: Cynthia Curry



GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this audit engagement in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the engagement 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 observations and conclusions based on our audit objectives.

INTERNAL AUDIT TEAM

Brecka Anderson, CIA, CFE, CGAP, Interim City Auditor

Diana Ferguson-Satterthwaite, FCCA, CIA, IA Manager and Lead Auditor for this Engagement

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