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WEEK IN REVIEW:

Monday, Dec. 4

5:30 p.m.

Organizational Meeting (Swearing-In Ceremony), Meeting Chamber

The City Council November-December calendar **is attached below.**



Nov-Dec2017.pdf

DEPARTMENT UPDATES:

Nov. 27 Business Meeting Follow-Up Report Items

Staff Resource: Rachel Wood, Constituent Services, 704-336-3656, rwood@charlottenc.gov

Constituent Services has created a report detailing follow-up information based on comments and questions received from elected officials at the Nov. 27 council business meeting. The follow-up report is attached below.



27--November
(Business Meeting).pdf

Internal Audit Report – Comp Time Policy for Exempt Employees

Staff Resource: Greg McDowell, City Auditor, 704-336-8085, gmcowell@charlottenc.gov

Attached is a Comp Time Policy for Exempt Employees audit report. During Internal Audit's annual risk assessment process, this audit was identified as a narrow scope issue. Human Resources had begun a review of comp time policies prior to the audit.

Conclusion: Comp Time practices by executives and other exempt employees vary widely among departments. Some departments apply a liberal interpretation to the city's HR Standards and Guidelines. Therefore, consistent comp time standards are required for all city departments.

Human Resources response: HR is revising city comp time policies to address the issues raised in the audit report.

Additional findings and recommendations are detailed in the full report.



Comp Time Policy for
Exempt Employees At

Internal Audit Report – Police Secondary Employment FY2016

Staff Resource: Greg McDowell, City Auditor, 704-336-8085, gmcowell@charlottenc.gov

Attached below is a Police Secondary Employment audit report. For FY2016, auditors reviewed documentation regarding approvals of both outside employers and officer off-duty work permits.

Conclusion: Police officers reported time accurately to employers and were compensated appropriately for hour worked. The hourly rate charged to employers (and paid to officers) should be increased.

CMPD Response: CMPD has authorized an increased hourly off-duty pay rate effective July 1, 2018. This date will allow employers time to adjust their budgets.

Additional findings, recommendations and actions taken are detailed in the full report.



CMPD Secondary
Employment FY16 Au

November

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
			1	2	3	4
5	6	7	8 12:00pm HAND Committee Mtg., Room 280	9 12:00pm ED Committee Mtg., Room CH-14 2:00pm Community Safety Committee Mtg., Room 280	10 Veteran's Day	11
12	13 12:00pm Environment Committee Mtg., Room 280 2:00pm Transportation & Planning Committee Mtg., Room 280 5:00pm Council Business Mtg., Room 267	14 2:00pm Governance & Accountability Committee Mtg., Room 280	15 5:00pm MTC Meeting, Room 267	16	17	18
NLC City Summit Charlotte, NC						
19	20 12:00pm Council Zoning Briefing (optional), Room 886 2:00pm ED Committee Mtg., Room 280 5:00pm Zoning Mtg., Room CH-14	21	22	23	24	25
				Thanksgiving Holiday		
26	27 5:00pm Citizens' Forum/Council Business Mtg., Room 267	28	29	30		
						2017

December

<i>Sun</i>	<i>Mon</i>	<i>Tue</i>	<i>Wed</i>	<i>Thu</i>	<i>Fri</i>	<i>Sat</i>
					1	2
3	4 5:30pm Organizational Meeting (Swearing-In Ceremony), Meeting Chamber	5	6	7	8	9
10	11 5:00pm Citizens' Forum/Council Business Mtg., Room 267	12	13	14	15	16
17	18 12:00pm Council Zoning Briefing (optional), Room 886 1:30pm Budget Committee Mtg. Room 280 5:00pm Zoning Mtg., Room CH-14	19	20	21	22	23
24	25 Christmas Holiday	26	27	28	29	30
31						

2017

Follow Up Items
City Council Dinner Briefing and Council Business Meeting
Monday, November 27, 2017

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
4	Community Safety Update	Discussion with District Attorney and Magistrates regarding repeat offenders. (referral to Community Safety Committee?)	Chief Putney/LaVondra Farquharson/Ebony Jones	CMPD is entering calendar year 2018 with a specific and tangible focus on safeguarding our community from chronic violent offenders. CMPD will seek to leverage its potent crime analytics and Electronic Monitoring capabilities with a renewed emphasis on violent offenders. CMPD's efforts include re-tooling both criminal and special investigations units and resources towards high-quality offender-specific investigations in close cooperation with the District Attorney.
4	Community Safety Update	Refer to Columbia, SC police department regarding their successful model	Chief Putney/LaVondra Farquharson/Ebony Jones	<p>CMPD reviewed the Columbia Police Department's model and found that their crime prevention methodologies were quite similar to that of CMPD.</p> <p>CMPD believes in a holistic approach to community safety in close cooperation with area residents. From utilizing the highest-level crime fighting technology and data to leverage resources, to unique and meaningful youth intervention strategies and engaging the community we serve, CMPD is committed to providing the highest quality police service available. Like Columbia, Charlotte is a leader in policing in innovative and meaningful ways.</p>

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
4	Community Safety Update	Is there a way to distribute the violent crime comparison information?	Chief Putney/LaVondra Farquharson/Ebony Jones	CMPD communicates its crime and crime data with a mind towards all residents- and continually seeks to provide timely and relevant information across many different platforms. CMPD continues to broaden its presence through social media, traditional media, and other outlets. CMPD is currently seeking to enhance its website experience for citizens and provide quality and contextually complete data in a way that serves the community's needs.
5	Housing and Neighborhood Services Update	What is the transaction structure with CMS? Do we expect to get better purchase terms when working with CMS?	Pam Wideman/Keith Richardson/Cynthia Woods	Details will be provided in a future follow-up report.
7	Public Forum	Address the sinkhole request from constituent Gina Gupton and the long queue for repairs that impact the quality of life in the neighborhood.	Mike Davis/Kristen Behlke/Jim Banbury	Staff from Engineering & Property Management Storm Water Services has spoken with Ms. Gupton following her comments to City Council. Staff has completed a design for repair at this location. The project is expected to begin construction in 18-24 months, pending completion of other projects. A follow-up meeting is planned with Ms. Gupton to review her request in the field. Sinkholes and other similar types of requests have been the subject of recent Environment Committee discussions intended to address the number of outstanding requests for projects.

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
11	Clean Energy Resolution	Council requested a status update on the existing renewable energy and sustainability; develop a plan that includes measureable goals and next steps. Refer to environment committee.	Rob Phocas/Keith Richardson/Cynthia Woods	This item has been referred to the Environment Committee with a requested turnaround time of 60 days.
13	Charlotte WALKS Sidewalk Construction Ordinance Revisions	Referral to Transportation and Planning Committee for further discussion	Liz Babson/Scott Curry/Tamara Blue/Pam Smith	This item has been referred to the Transportation and Planning Committee.
15	Solid Waste Services multi-family refuse collection services	Deferred	Victoria Johnson/Louie Moore/Ellen Price	This item will be on the December 11 Council Business Agenda.

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
39	Charlotte Water partnership with Discovery Place.	What metrics are we tracking, what contribution is CMS making, how do we track success, what is the goal? What schools are a part of this? Need more transparency on this funding request. How did this fall into our focus area plans?	Barry Gullet/Jennifer Frost/Abby Dolan/Adrienne Lewis	<p>The program is currently in development, but planned metrics include: number of students reached, pre/post-test knowledge retention, and an interactive take-home kit which will include family-friendly, hands-on educational activities.</p> <p>CMS is neither providing nor receiving funding for this program. As a partner, CMS will provide the students and classroom settings.</p> <p>Success will be 90% of all CMS 5th graders reached over two years. The program will be reevaluated for success before resuming activities in years three and four.</p> <p>Every Charlotte-Mecklenburg elementary school will be included in this program.</p> <p>Funding for the program is included in the FY 2018 Charlotte Water operating budget. Estimated expenses include program development, evaluation tool development, supplies and per student delivery costs. The estimated program budget is detailed in the chart below.</p> <p>A goal of the FY 2018 – FY 2019 Environment Focus Area Plan is to “encourage residents to conserve water through education and awareness,” and the target is to “increase number of individuals reached through public events and conservation education efforts by 10%.”</p> <p>This item has been referred to the Environment Committee for further discussion.</p>

Agenda Item Number	Agenda Item Title	Mayor and Council Questions	Agenda Coordinator/ Staff Resource	Department Response
40	Blue Line Extension Construction Contract Amendments	What caused the additional increase? Was the City at fault for the delay?	John Lewis/Jill Brim/Lavernia Boyd/Olaf Kinard	The increase and delay in the Civil A contractor's schedule was due to additional work, testing and inspections required by Norfolk Southern Railroad, and by Norfolk Southern's schedule to complete work. Norfolk Southern had to transition operations from the old freight track to the new freight track and remove the old freight track before the Civil A contractor could continue work on the 36 th Street grade separation. The delay in the Civil A schedule does not impact the opening of the Blue Line Extension project in March 2018.

Environment Focus Area Plan link:

http://charlottenc.gov/CityCouncil/focus-areas/EnvironmentFocusArea/ENV%20FINAL%20FY2018%20and%20FY2019%20Revised%20FAP%20layout_11.29.2016%20with%20Committee%20Adjustment.pdf

“Charlotte Water Everywhere” Discovery Place Partnership Budget

	Year 1	Year 2	Year 3	Year 4
Student Expense (\$6 per student)	\$47,628	\$47,628	\$47,628	\$47,628
Program Development	\$20,000	\$10,000	\$10,000	\$10,000
Materials	\$20,000	\$10,000	\$10,000	\$10,000
Marketing	\$15,000	\$7,500	\$7,500	\$7,500
Program Evaluation	\$10,000	\$5,000	\$5,000	\$5,000
Annual Total	\$112,628	\$80,128	\$80,128	\$80,128
TOTAL ASK				\$353,012



CHARLOTTESM

INTERNAL AUDIT

**Audit Report
Comp Time Policy for Exempt Employees
November 29, 2017**

**City Auditor's Office
Gregory L. McDowell, CPA, CIA**

Audit Report
Comp Time Policy for Exempt Employees
November 29, 2017

Purpose and Scope

The following report addresses a narrow scope issue regarding the City’s administration of Compensatory Time for Exempt Employees (in the remainder of this report, referred to as Exempt Comp Time, or “ECT”); that is, time off awarded to those employees who are exempt from overtime pay.

When auditors conducted risk assessment for the FY2018 Audit Plan and discussed possible audits with the City Manager’s Office and others, issues related to Comp Time were identified. It was noted that Human Resources had begun a review of Comp Time policies prior to this audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the City Manager’s Office, City Council, and the Human Resources Department.

Conclusion

Comp Time practices by executives and other exempt employees vary widely among departments. Some departments apply a liberal interpretation to the City’s HR Standards and Guidelines. Therefore, consistent Comp Time standards are required for all City departments.

Summary of Findings and Recommendations

Human Resources’ Standards and Guidelines Rule III, Section 9.2 addresses Compensatory Time for Employees Exempt from FLSA, specifically, “when an exempt employee’s work schedule significantly exceeds the normal 40-hour workweek...” Some department heads and others accrue CT in half-hour increments on a regular basis.

While some departments tightly control the accumulation and use of CT, about 4% of exempt employees accumulated over 240 hours CT through FY17. Two percent exceeded 480 hours. Some employees are limited to using 16 hours CT in a week, while others use CT for an entire week, or more.

Human Resources should develop and enforce a Citywide Comp Time Policy to address the following:

1. Definition of Comp Time and Eligibility
2. Maximum Accumulation and Usage
3. Impact on Pensions

Background

The City employs approximately 8,000 workers. About 80% are hourly (non-exempt from Overtime rules and regulations and therefore eligible for overtime pay), while 20% are “Exempt,” i.e., not eligible for overtime pay – largely white collar and managerial staff. While some departments (or divisions) may keep separate records, approximately 60% of Exempt City employees are recording ECT in the City’s PeopleSoft system. Among departments, ECT usage varies from 0% to nearly 100%. The Engineering & Property Management Department (E&PM) does not track ECT in PeopleSoft, except for one small section within the department. E&PM’s data (from its own internal system) was obtained at the end of the review, and was found to have similar results as the rest of the City. No major outliers were noted.

The City’s HR Standards and Guidelines (effective December 1, 2012) address Comp Time for both Exempt and Non-exempt employees, but also allows each department to develop its own rules and administration. Some employees accumulate significant time which is later used in place of vacation or sick leave.

Accumulated ECT is not eligible for payout upon separation and can only be used at the discretion of a supervisor, although high level managers accumulate and use ECT without any oversight (i.e., without higher level approval), or apparent limits. Most hourly (“non-exempt”) employees are generally allowed to accumulate 240 hours CT (public safety employees can accumulate 480 hours), before payout as overtime at time and a half is required, per FLSA law.

The HR Guidelines do not address limits for exempt employees. The substitution of ECT (or CT for non-exempts) can increase Sick Leave Balances, eventually resulting in higher payouts at retirement, along with increased Service Time (sometimes used to achieve retirement thresholds, up to 12 months sooner for a 19-20 year employee). That is, 20% of the employee’s sick leave balance (up to 43.5 days) can be paid out at separation, with the remainder added to the employee’s service time, used to calculate lifetime pension payments.

Following an HR study and recommendation to bring the City in line with the majority of NC municipalities’ practices, a leave transfer policy was put in place. Effective January 1, 2016 (policy approved August 15, 2015), the City began to transfer excessive unused Vacation to Sick Leave. The transfers are termed “Adjusted Sick Leave.” (Adjusted Sick Leave was an existing term, but had been much more limited in use – usually at the beginning of employment with the City.) In recent years, such leave has

been used to address the leave constraints resulting from ERP (MUNIS) implementation and hosting the Democratic National Convention.

See Appendix for a comparison of ECT policies among the City's departments.

Audit Findings and Recommendations

1. Definition of Comp Time, and Eligibility

Throughout the City, ECT recording (accumulation and usage) varies from none to all exempt employees within a department. In federal guidelines related to overtime, certain employees have been deemed ineligible (exempt) because the compensation for their responsibilities is not determined on an hourly basis. The City's HR Standards and Guidelines recognize this in the following excerpt, starting at Rule III, Section 9.2, Compensatory Time for Employees Exempt from FLSA.

Employees exempt from the overtime provision of FLSA are paid on a salaried basis for performance of their job duties and are not eligible for overtime pay, except (on call and call-back).

When an exempt employee's work schedule significantly exceeds the normal 40-hour workweek, the department may, if it so desires, award compensatory time to the employee. Compensatory time off for exempt employees, however, is typically not granted on an hour-for-hour basis. In no case shall an exempt employee receive compensatory time at a rate greater than a straight time rate. Exempt employees are not entitled to receive payments for unused, accrued compensatory time while in City employment or upon termination.

Based upon PeopleSoft records, many exempt employees are accruing ECT outside the general guidelines outlined above. That is, auditors made the following observations:

- ECT is not limited to periods when an employee's work schedule significantly exceeds the normal 40 hour workweek.
- Often, ECT appears to be accrued hour-for-hour. Records do not allow complete verification; however, the accruing of ECT in increments of 0.5 hours, or 1-2 hours in a week suggests that no determination of significance has been applied.
- For Department Heads, the approval of ECT is not being documented or approved (other than administratively).

The definition and application of Comp Time varies widely throughout the City. Some departments allow ECT accrual only after 43 or 45 hours have been worked. Some executives use a "punch the clock" approach and begin recording ECT in half hour increments when they exceed 40 in a week. The City has not defined "significant efforts" and determined whether Comp Time is allowable in small increments, or should be limited to "above and beyond" projects, or time sensitive

issues which require truly unusual efforts above what is normally expected of managers.

Recommendations

- 1.A. Department heads, deputy department heads and division heads should be excluded from CT. There may also be section heads or similar levels of supervisors who should be excluded.
- 1.B. Significant events should be defined as unpredictable work requirements which cannot be planned or staffed so as to distribute the workload, or which do not allow a schedule adjustment (flex time) to address the extra effort.
- 1.C. Repeated consistent accruals of Comp Time should result in a re-evaluation of workload and assigned resources.
- 1.D. All CT should be recorded in PeopleSoft; no separate recordkeeping should be used.

Human Resources Response: HR agrees overall, and will include the following in a revised Citywide policy:

- 1.A. Department directors, deputy department directors and assistant department directors will be excluded from earning Comp Time.
- 1.B. Definitions for the applicability of CT will be provided as guidelines. CT will be accrued only after 45 hours of work in a week.
- 1.C. Repeated consistent accruals of CT will be addressed.
- 1.D. Employees using self-service time entry will be required to record all CT in PeopleSoft.

2. Maximum Accumulation and Usage

The Citywide policy does not address maximum CT accumulations for exempt employees, while non-exempt employees must be paid out overtime after accumulating a maximum of 240 CT hours per FLSA law (480 hours for public safety employees). The non-restrictive ECT policies in some departments have resulted in many employees taking ECT in place of vacation, and subsequently transferring excess vacation to sick leave. (See finding #3 below for discussion of the impact on pensions.)

The usage of CT varies among exempt employees. Some departments' policies are restrictive, detailing the number of consecutive days ECT can be taken, or above which a higher level approval is required. Some exempt employees accumulate CT but never use it; some use it in the same week recorded; others use several consecutive days, especially around holiday periods.

Auditors made the following observations:

Accumulated Comp Time

- 60 exempt employees (less than 4%) had accumulated over 240 hours as of 5/26/17.
- 28 exempt employees had accumulated over 480 hours as of 5/26/17.

Comp Time Usage

- Some employees used five or more consecutive days of Comp Time.
- During FY16, 77 exempt employees used 160 hours or more Comp Time.

Pre-retirement Comp Time Usage

- Several employees who retired in FY16 used a significant amount of ECT during their final few months with the City. The table below highlights three employees who retired during FY16, and their comp time usage over the final 13 weeks employed. Also, they each earned four hours vacation during that period, following 13 consecutive weeks without using sick leave (“T13”).

Comp Time Usage, Final 13 Pay Periods (Out of a Possible 520 Hours)			
Employee	Comp Time Used	Regular Hours	Holiday Hours
Employee A	508	12	-
Employee B	480	-	40
Employee C	468	52	-

Recommendation

Since ECT is never defined as entitled, a reasonable limit for accumulation and usage should be put in place. The City should consider maximum accumulations – one policy applicable to all, or two policies, with a second category for public safety employees. The policy needs to address the City’s intent for accumulations; i.e., whether City Management encourages exempt employees to use the ECT right away, to offset extraordinary efforts; or whether the requirements of extraordinary events is meant to result in an extra vacation balance to use at each employee’s discretion.

Human Resources Response

- Human Resources agrees that a reasonable limit for compensatory time accrual and usage should be set. HR will seek input on these levels through discussion with the HR Advisory Team, comprised of the HR Managers from city departments.

- Human Resources will include a provision in the policy limiting the use of comp time to three days in a seven day period, except for extenuating circumstances which receive City Manager or designee approval.

3. Sick Leave Adjustments and Impact

The use of ECT instead of Vacation in recent years, along with the Adjusted Sick Leave Policy allowing unused vacation to be transferred to Sick Leave, has resulted in some large Sick Leave increases.

The substitution of ECT (or CT for non-exempts) can increase Sick Leave Balances, eventually resulting in higher payouts at retirement, along with increased Service Time, which raises pension payments.

Adjusted Sick Leave (ASK) had limited usage (e.g., new hires) until the policy was expanded in 2015. In FY14 and FY15, ASK impacted fewer than 200 employees each year. The number of employees benefitting has grown to over 1,200 in FY17. The two tables following detail the growth by A) Exempt and Nonexempt employees, combined; and B) Exempt employees only.

A. Exempt and Nonexempt Employees – Cumulative Adjusted Sick Leave Hours

Year	Employees	Total Hours
FY14	185	14,420
FY15	177	10,064
FY16	1,104	63,183
FY17	1,214	70,929

B. Exempt Employees – Cumulative Adjusted Sick Leave Hours

Year	Employees	Total Hours
FY14	27	5,180
FY15	30	5,119
FY16	396	22,209
FY17	432	36,316

Recommendation

The City should consider the impact of Sick Leave upon pension obligations. With the 700% growth of ASK for Exempt Employees since FY14, the City needs to determine whether limits should be set. (That is, the annual ASK could be capped, along with initial amounts available at hiring.) Finance and Legal

staff should determine whether there are any disclosure requirements or unintended consequences which could arise. Best nationwide practices should be considered when reviewing this City policy.

Human Resources Response

- Human Resources does not recommend capping the amount of sick leave that can be transferred in at the time of hire. Employees working in North Carolina municipalities or counties retire from the State of North Carolina, not the City of Charlotte. Limiting the amount of sick leave that can be transferred is a deterrent to attracting employees from other jurisdictions.
- Human Resources does not recommend changing the policy to limit the conversion of vacation leave above the maximum accrual to sick leave. City of Charlotte policies regarding converting vacation leave above the maximum accrual to sick leave (policy change in 2015) and accepting sick leave at the time of hire from other NC jurisdictions (FY2009) are consistent with the vast majority of other jurisdictions in the state. While there may have been a 700% growth in ASK since FY2014, Charlotte has lagged behind other jurisdictions in the state related to these two employee benefits.
- While HR recommends maintaining the two policies as originally intended, it also recommends that sick leave accepted from other jurisdictions be segregated in the payroll system so that while sick leave from other employers can count towards service credit for retirement, it cannot count toward the city-provided payout of 1/5 of a retiring employee's sick leave balance, up to a maximum of 43.5 days. This will limit the city's financial obligations when an employee retires to only the sick leave that accrued during the employee's tenure with the City of Charlotte.

Appendix - Summary of Exempt Comp Time Policies			
Department	Comp Time Hours Begin Accumulating	Maximum Number of Hours Carried Forward (Blank if not addressed in Department/Division Policy)	Maximum Number of Comp Time Hours Taken Consecutively
Aviation	40	Unlimited	40
CATS	45	-	-
CBI	40	-	-
CDOT	42	Unlimited; 120 carried forward to next FY	24
City Attorney	45	Unlimited	4 hours per day
CLT Water	42	40; 120 max at any time	-
CMO	40 (30 minutes for every hour worked)	40 (recommended)	16 (per week)
CMPD	45 (w/exceptions)	-	24 (w/exceptions)
E&PM	42	40 at any time	24 per week
Economic Development	40	-	-
Finance	40	Unlimited	-
Fire	N/A	N/A	N/A
Fleet	40	80	-
Housing & Neighborhood Services	40	-	-
HR	40	-	-
I&T	40	80 (quarterly roll-back)	As accrued
Planning	40	40	16
Risk Management	40.5	40	-
Shared Services	40	80	-
Strategy & Budget	40 (50% for every hour worked unless Memorial Day to Labor Day then 100%)	-	-
Solid Waste Services	45 (1 for every 5 worked)	40 (not currently following); 120 max at any time	24



CHARLOTTESM

INTERNAL AUDIT

**Audit Report
Police Secondary Employment FY16
November 28, 2017**

**City Auditor's Office
Gregory L. McDowell, CPA, CIA**

Audit Report
Police Secondary Employment FY16
November 28, 2017

Purpose and Scope

The purpose of this audit was to determine whether the Charlotte-Mecklenburg Police Department (CMPD) Secondary Employment unit has effectively managed officers' off-duty work.

For the period July 1, 2015 to June 30, 2016 (FY16), auditors reviewed documentation regarding approvals of both outside employers and officer off-duty work permits. Policies, as outlined in the CMPD Secondary Employment Directive, were also reviewed.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report is intended for the use of the City Manager's Office, City Council, and CMPD.

Conclusion

Police officers reported time accurately to employers and were compensated appropriately for hours worked. The hourly rate charged to employers (and paid to officers) should be increased.

Summary of Findings and Recommendations

The following findings are detailed further, beginning on page 3, along with responses to recommendations from CMPD.

1. Officers have correctly billed employers for time worked.
2. To meet employer requests, CMPD should raise pay rates to increase the pool of officers working secondary employment.
 - CMPD has authorized an increased hourly off-duty pay rate effective July 1, 2018. This date will allow employers time to adjust their budgets.
3. Controls should be established to ensure probationary officers do not work in an alcohol establishment.
 - In response to the audit, the Secondary Employment Unit has set a minimum rank default of "officer" when a job is created in the off-duty scheduling software. Probationary officers are not able to see or sign up for these jobs.

4. CMPD should consider options that would enhance controls and correct system limitations.
 - CMPD has hired a Quality Assurance Specialist to perform mini-audits of all areas, including Secondary Employment. It is expected that this process will help eliminate missing documentation. An upgrade to the current software is also under consideration.

Background

CMPD Directive 300-007 provides guidelines for sworn employees regarding the types of appropriate secondary employment, and establishes various control procedures.

CMPD authorizes its officers to provide law enforcement related services, such as traffic direction and business security, in exchange for an hourly fee paid by the employer directly to each officer. Secondary employment is considered ancillary community support/crime prevention and as such remains secondary to an employee's on-duty job responsibilities and performance. Increased policing presence provides general benefits to the community through crime deterrence and security.

In 2014, CMPD created separate management groups for 1) the coordination of off-duty secondary employment jobs and 2) special events, which require street closings (e.g., parades, street festivals, and charity walks). Special events require additional applications, approvals, and coordination with other City departments and are not included in the scope of this audit. Effective July 15, 2017, secondary employment and special events are combined and under the same management.

Secondary employment includes security (e.g., shopping centers, entertainment venues, apartment complexes, and homeowner associations) or traffic work in CMPD uniform. These jobs must be within CMPD jurisdiction and the officer has the responsibility to conform to all laws and departmental policies. An officer must take appropriate action to enforce the law, preserve public safety, and will not act to enforce the rules and regulations of an employer which are not otherwise violations of the law. For these reasons, when sworn, uniformed employees work secondary employment jobs, a member of the public would be unable to distinguish them from their on-duty counterparts.

The number of hours requested of CMPD has grown during most of the past five years, as has the number of hours officers are working. The following chart indicates that the majority of eligible officers working secondary employment (60-67%) have logged at least 100 hours. A smaller group (16-21%) worked over 500 hours, with only 3-5% working over 1,000 hours.

Fiscal Year	Officers In System	2nd Employment Hours		# of CMPD Officers w/		
		Total	Average per Officer	≥ 100 hrs/year	≥ 500 hrs/year	≥ 1,000 hrs/year
2016	1,690	507,012	300	1,115	356	78
2015	1,685	511,228	303	1,123	359	70
2014	1,696	500,749	295	1,095	344	74
2013	1,616	437,430	271	1,010	284	53
2012	1,702	445,221	262	1,043	280	55

Audit Findings and Recommendations

1. Officers have correctly billed employers for time worked.

Once an employer receives CMPD approval for a requested secondary employment job, payment is handled directly between the employer and each officer. No payments are routed through the City’s payroll system and there are no City controls over the payment process.

Auditors sent confirmation letters to 56 employers requesting they provide hours worked by selected officers during FY16. Forty-eight (86%) responded. There were no material differences between the confirmations received and the system used to track assignments.

2. To meet employer requests, CMPD should raise pay rates to increase the pool of officers working secondary employment.

The demand for secondary employment jobs is greater than the supply of officers willing to work off-duty. To fulfill the security and traffic needs of special events, CMPD relies on experienced officers who already work substantial off-duty hours. Younger officers are less likely to work outside their standard hours.

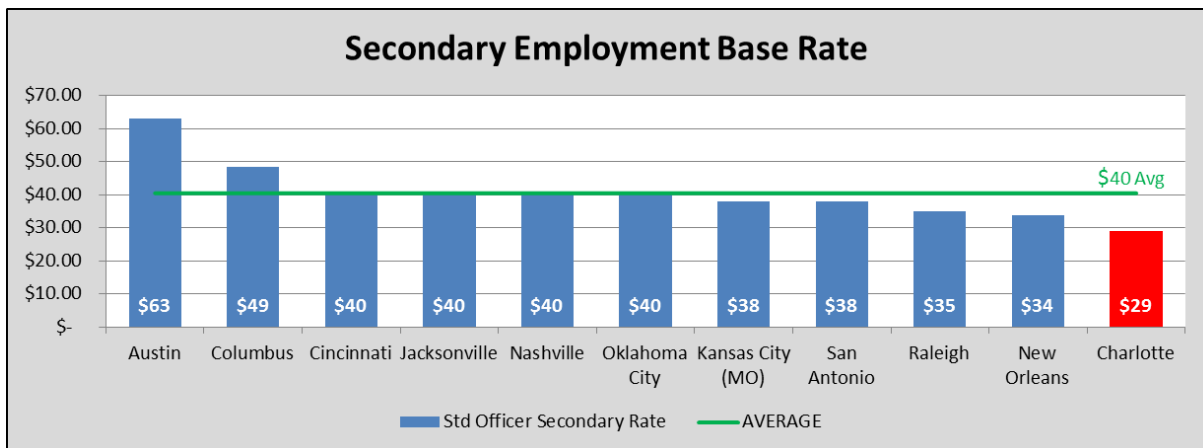
The chart below is a breakdown of the number of secondary employment hours worked by officers in four age groups. The data shows that officers under the age of 30 are working the lowest number of hours.

Age Range	Officers In System	2nd Employment Hours		# of CMPD Officers w/		
		Total	Average per Officer	≥ 100 hrs/year	≥ 500 hrs/year	≥ 1,000 hrs/year
2016 Totals	1,690	507,012	300	1,115	356	78
< 30 yrs old	241	37,129	154	113	13	2
30-40 yrs old	495	131,645	266	324	79	17
40-50 yrs old	707	228,356	323	495	172	31
≥ 50 yrs old	247	109,882	445	183	92	28

CMPD feedback from officers suggested that the hourly rate being paid is not adequate to fill certain assignments. These more difficult to fill assignments are considered high risk and are typically in the late and overnight hours. Some last minute requests are unfilled due to timing. Charging employers and paying officers more for the high risk and/or overnight assignments, as well as late requests, may reduce the number of unfilled requests.

Raising the hourly rate charged to employers (and paid to officers) could encourage more officers, of all ages, to sign up to work secondary employment jobs. Charlotte's rate has been in effect since 2014; the prior rate of \$27 was set in 2009.

Auditors contacted other cities that allow secondary employment for officers. Each of the cities contacted have set an hourly rate higher than Charlotte's. Of the comparable cities researched (see table following), Charlotte has the lowest secondary employment rate, \$29 per hour.



The 10 cities above pay secondary employment rates averaging 38% higher than Charlotte. The regional price levels (see chart on next page) vary from 4.8% lower (Cincinnati) to 6.4% higher (Austin).

For additional information on peer cities, see the appendix.

Standard Rate Comparison			
City	Secondary Employment Base Rate	Starting Base Salary	Regional Price Parity ¹
Charlotte	\$ 29.00	\$ 42,640	93.5
Cincinnati, OH	40.00	55,745	89.2
Oklahoma City, OK	40.00	52,973	92.1
Columbus, OH	48.50	53,934	93.1
Kansas City, MO	38.00	43,404	93.7
Nashville, TN	40.00	42,828	93.9
San Antonio, TX	37.94	40,700	94.4
New Orleans, LA	33.68	40,391	95.6
Jacksonville, FL	40.00	36,240	95.8
Raleigh, NC	35.00	35,310	95.8
Austin, TX	63.00	58,681	99.5
AVERAGE	\$ 40.47	\$ 45,713	100.0

¹The Bureau of Economic Analysis' Regional Price Parities are regional price levels expressed as a percentage of the overall national price level for a given year (2015 in the data above). The price level is determined by the average prices paid by consumers for the mix of goods and services consumed in each region.

Recommendation: CMPD should raise pay rates to increase the pool of officers willing to work secondary employment and evaluate the rates being paid on a biennial basis. A second rate tier should be used for high risk, overnight or requests made on short notice.

Response: CMPD has authorized an increased hourly off-duty pay rate effective July 1, 2018. This date will allow employers time to adjust their budgets. The new pay ranges are \$33-\$35 with similar increases for supervisors. These rates will be reviewed annually.

3. **Controls should be established to ensure probationary officers do not work in an alcohol establishment.**

Directive Section IV states that officers less than one year from their Police Academy graduation date are probationary and have further restrictions placed on the types of secondary employment they are allowed to work. Probationary officers can work traffic or security jobs but are not permitted to work at alcohol establishments.

Auditors noted eight probationary officers working a total of 15 jobs at alcohol establishments. This occurred because restricted and un-restricted jobs being similarly advertised in the off-duty scheduling software allowed all officers, regardless of status, to sign up. While the Chief or designee may override this requirement, no such documentation was on file.

Recommendation: Controls should be put in place to ensure a probationary officer is not working in an alcohol establishment without the required override. Violations of directives should be documented in the IACMS (Internal Affairs Case Management System) and forwarded to the Secondary Employment Sergeant for review.

Actions Taken: The Secondary Employment Unit has set a minimum rank default of “officer” when a job is created in the off-duty scheduling software. Probationary officers are not able to see or sign up for these jobs. For larger jobs requiring a coordinator, the job site coordinator is responsible for ensuring all officers working at alcohol establishments are not on probation.

4. **CMPD should consider options that would enhance controls and correct system limitations.**

Although CMPD has an officer in charge of secondary employment, there are many processes that are decentralized among the Secondary Employment Unit, individual job coordinators, and supervisors. This decentralization, coupled with software limitations, causes difficulty in maintaining proper documentation, including hours worked and approved exceptions.

Some contractors specialize in administering police departments’ secondary employment programs. An administrator would ensure proper documentation and approvals are received and centrally stored. By using such a service, sworn positions could be re-allocated to other areas of need, such as patrol.

A. **Oversight and staffing**

CMPD Directive Section VII.D states that any job requiring over 10 officers needs an operational plan, including a traffic plan. Of 17 jobs reviewed by auditors, Standard Operating Procedures (SOP) were provided for three. The remaining 14 (82%) were missing the required SOPs.

Recurring jobs are assigned a job site coordinator who, through work experience with the particular employer, is to be a job-specific expert. These roles exist to ease the administrative burden on the Secondary Employment Unit. Directive Section IX lists several responsibilities of the job coordinators, including employer information maintenance, updating the employee roster and schedule, and completing SOPs for major venues.

To maintain the knowledge necessary to keep staffing levels appropriate, coordinators are expected to work any active job they coordinate at least once per month. Of the 25 coordinators selected for testing, 18 (72%) did not work the required shift in at least one month of FY16.

Recommendation: The Secondary Employment Unit should monitor job site coordinators to verify the requirement of working once a month is being met.

Response: The Secondary Employment Unit is not in compliance with the current policy in place regarding operational and traffic plans. Numerous events each week may require 10 or more officers that are not complicated events and have no need for a traffic plan. Examples include running races (e.g., “5K’s”) that take place on residential streets with minimal impact on surrounding areas. The Xtra Duty system can produce printed job rosters that capture the essential content found in an operational and/or traffic plan.

A policy change will be presented to the CMPD Policy Management Group for approval. The Secondary Employment Sergeant is working with the CMPD Research and Analysis Unit to develop a monthly automated report that will show which job coordinators did not work within a month as required; corrective action will be taken as needed. These changes will be completed on or before January 15, 2018.

B. Exceeding departmental limits

CMPD Directive Section XI.B limits hours worked to 16 per day and 72 per week. Exceptions may be granted by the employee’s Command Staff if documented in writing. Command Staff issues waivers for large events requiring a heavy police presence where officers do not need individual documented approval to exceed the maximum hours, provided they are working the designated large event.

During FY16, the Secondary Employment Commander waived the hours restriction for 28 weeks. For the three weeks tested, 1,226 officers worked secondary employment. Of those, 124 officers worked over 72 hours including a waived event, and 49 officers exceeded 72 hours but did not work the waived event. Therefore the 49 should have had policy exception approvals on file because they worked between 72.25 and 99.25 hours during the weeks tested.

Week Start	Waived Event(s)	# officers >72 hrs	# of officers >72 hrs not working event	% of officers >72 hrs not working event
08/22/15	Panthers' Game (x2)	69	20	29%
09/19/15	Panthers' Game	30	12	40%
06/04/16	Taste of Charlotte	25	17	68%

During non-waiver weeks (the remaining 24 weeks in FY16), several officers worked total hours in excess of 72. Six such weeks were examined in more detail. These weeks had a total of 21 officers working in excess of the CMPD established limit. The 21 officers noted by auditors worked between 72.75 and 86.25 hours during the six weeks examined.

Actions Taken: Effective March 2017, the Secondary Employment Commander began receiving a weekly report of all officers scheduled for more than 32 hours of secondary employment. The Commander contacts individual supervisors to ensure no officer is exceeding the weekly limit of 72 hours (40 hours regular duty plus 32 hours off-duty) without the proper Chain of Command approval.

C. Applications

CMPD Directive Section X states “no secondary employment is permitted until the employer and the type of employment is approved.” For ongoing jobs, each employer’s application must be renewed on a yearly basis and approved by either the Secondary Employment Unit or, if there is one, the job site coordinator.

However, auditors identified officers who worked at secondary employers that did not have a current approved application on file. Of the 73 employer applications selected for testing, 33 (45%) were either missing the form or didn’t have one completed within one year.

For officers requesting to engage in apartment security, Section VI.A further defines specific requirements that state an “Apartment Security Application Packet” must be completed and returned to the Secondary Employment Unit. In lieu of payments, officers working apartment security jobs receive discounted or free rent in exchange for certain duties listed in the application packet. Of the 21 apartment employers selected for testing, three (14%) were missing required information in their respective application packets.

Recommendation: CMPD should review employer applications annually. To reduce the administrative burden, CMPD should also consider a policy change to lengthen the period an application is valid, especially for ongoing jobs/employers.

Response: The Secondary Employment Unit will seek approval for two policy changes:

- Clarifying an “ongoing” job as occurring for longer than 30 days and must be assigned a job coordinator. “One-time” jobs will be defined as jobs temporary in nature (occurring for less than 30 days) and will not require a job coordinator.
- Requiring all ongoing job employer applications to be updated every two years or when a substantial change to the policy occurs (such as a pay rate change).

The Secondary Employment Sergeant now performs monthly reviews of 5% of the Apartment Security Application packets ensuring all required information is included and up to date. Any violations will be documented and the Secondary Employment Sergeant will take corrective action.

The reviews have started and policy changes will be in place on or before January 15, 2018.

D. Software limitations

Software (Xtra Duty) is used to schedule and track secondary employment data. Inaccuracies can occur due to system limitations and user error.

System limitations – Overlapping shifts covered by one officer may double some hours. That is, an employer may request shifts of 10AM-2PM and 11AM-3PM. An officer who works 10AM-3PM, overlapping shifts will be credited with eight hours instead of the five hours actually worked. When on-duty special events are tracked in Xtra Duty, hours are being tracked in two places, thus double counting each hour worked.

User error – The system uses military time. A user who inputs non-military time (e.g., 2:00 instead of 14:00 when meaning afternoon) may be credited with an additional 12 hours which were not worked.

These errors are strictly administrative and the audit found no officers being paid for an incorrect number of hours worked.

The software is multiple versions behind the most current offering. Many of these administrative issues could be corrected by upgrading to the latest version.

Recommendation: CMPD should improve documentation retention by requiring all exceptions to be in writing and sent to the officer in charge of secondary employment.

Command Staff and the Secondary Employment Unit should research the costs and benefits of upgrading the off-duty scheduling software.

Response: CMPD has hired a Quality Assurance Specialist to perform mini-audits of all areas, including Secondary Employment. It is expected that this process will help eliminate missing documentation.

The department is two versions behind on the Xtra Duty software. CMPD is working with the developer to make sure the updated versions will work with current systems. Requested changes to the Xtra Duty system will include the addition of a pop-up warning that will alert system administrators when attempts are made to schedule an officer for a job that is in conflict with on-duty hours or another off-duty job.

Two years ago, projected cost for updating the software was \$10,375. CMPD's Computer Technology Solutions is currently in contact with the Xtra Duty software developer to determine current costs for updating the system and establishing compatibility with other CMPD systems. An estimated cost of the upgrade is \$15,000. A request will be made to fund this endeavor.

In August 2017, the Secondary Employment Unit started tracking when a waiver of hours allowed to work was granted, who approved the waiver, and the reason for the waiver.

Police Secondary Employment FY16 - Appendix

City	Secondary Employment Base Rate	Starting Base Salary	Computed On-Duty Hourly Rate ¹	Secondary Rate Markup ²	Regional Price Parity ³	Approx. PD Size (sworn)	City Pop ⁴	Sq Miles ⁴	Officers per Square Mile	Citizens per Officer
Charlotte	\$ 29.00	\$ 42,640	\$ 20.50	141%	93.5	1,850	827,097	298	6	447
New Orleans, LA	33.68	40,391	19.42	173%	95.6	1,200	389,617	169	7	325
Raleigh, NC	35.00	35,310	16.98	206%	95.8	730	451,066	143	5	618
San Antonio, TX	37.94	40,700	19.57	194%	94.4	2,200	1,469,845	461	5	668
Kansas City, MO	38.00	43,404	20.87	182%	93.7	1,370	475,378	315	4	347
Cincinnati, OH	40.00	55,745	26.80	149%	89.2	1,000	298,550	78	13	299
Jacksonville, FL	40.00	36,240	17.42	230%	95.8	1,630	868,031	747	2	533
Nashville, TN	40.00	42,828	20.59	194%	93.9	1,450	654,610	475	3	451
Oklahoma City, OK	40.00	52,973	25.47	157%	92.1	1,170	631,346	606	2	540
Columbus, OH	48.50	53,934	25.93	187%	93.1	1,850	850,106	217	9	460
Austin, TX	63.00	58,681	28.21	223%	99.5	1,800	931,830	298	6	518
AVERAGE	\$ 40.47	\$ 45,713	\$ 21.98	185%	100.0	1,477	713,407	346		

¹Hourly rate computed by taking starting salary divided by 52 weeks divided by 40 hours per week

²Secondary Rate Markup is the percent increase from the Computed Hourly Starting Salary Rate to the Base Secondary Employment Rate

³The Bureau of Economic Analysis' Regional Price Parities are regional price levels expressed as a percentage of the overall national price level for a given year (2015 in the data above). The price level is determined by the average prices paid by consumers for the mix of goods and services consumed in each region.

⁴Census.gov 2015 estimates

