

# County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector  
Internal Audits Section

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## County Fire: Overtime Audit



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# Auditor-Controller/Treasurer/Tax Collector

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## County Fire: Overtime Audit

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**October 24, 2018**

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**SUBJECT: COUNTY FIRE OVERTIME AUDIT**

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed an audit of County Fire's overtime hours for the period of July 1, 2016 through June 30, 2017. The objective of this audit is to determine if overtime hours have been properly recorded by County Fire employees. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We identified a procedure that could be improved. We have listed this area for improvement in the Audit Finding and Recommendation section of this report.

We sent a draft report to the Department on September 17, 2018 and discussed the results of the audit with management on September 24, 2018.

We would like to express our appreciation to the personnel at County Fire who assisted and cooperated with us during this engagement.

Respectfully submitted,

**Oscar Valdez**

Auditor-Controller/Treasurer/Tax Collector  
San Bernardino County

By:   
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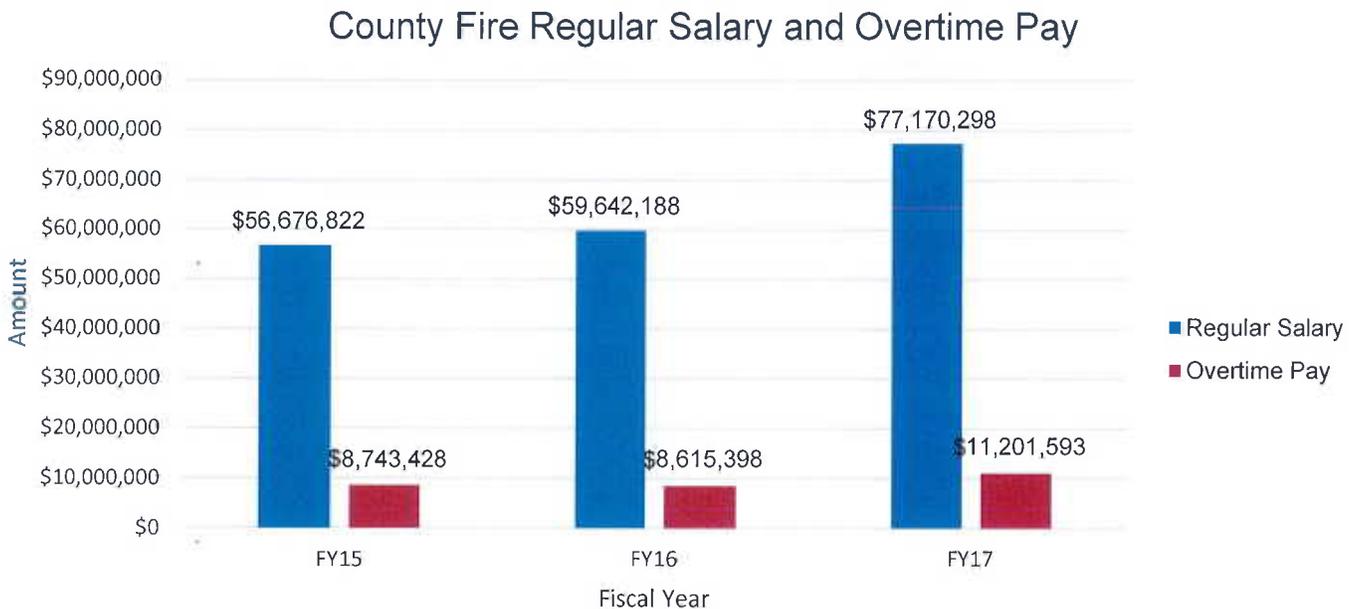


## Overtime Audit

### The Department

San Bernardino County Fire (County Fire), covers 19,278 square miles and serves more than 60 communities/cities, including the City of Upland following its annexation, City of Needles, City of San Bernardino, City of Grand Terrace and the Town of Yucca Valley, within four Regional Service Zones (Mountain, North Desert, South Desert and Valley). Additionally, the Department provides contractual fire protection services to four cities: Adelanto, Victorville, Hesperia, and Fontana's independent fire protection district. County Fire responds to approximately 84,000 calls for service per year. County Fire's fiscal year 2016-2017 budget was \$198 million, with staffing expenses accounting for 70% or \$138 million.

Below is a chart of regular salary and overtime pay for County Fire employees for the past three fiscal years. The information was provided by County Fire Administration.



The chart above shows that over the last three fiscal years overtime pay has remained consistent in relation to the total salary expenses for the year. Overtime is primarily used by County Fire to fill gaps in scheduling caused by employees on leave and extraordinary demand created by large fires.



County Fire currently uses two timekeeping systems: a proprietary online timekeeping system and the County's Employee Management and Compensation System (EMACS). County Fire is in the process of transitioning from using the proprietary timekeeping system to using EMACS for all employees. At the time of fieldwork, County Fire had transitioned about 10% of their employees to EMACS. The employees who were still using their proprietary timekeeping system track their time through that system and the data is uploaded into EMACS through an interface system at the end of each pay period.

### **Memorandums of Understanding**

County Fire employees fall under eight categories of representation, each with a Memorandum of Understanding (MOU) detailing overtime treatment. Below are brief descriptions of the types of employees in each MOU and how each MOU calculates overtime. MOUs for all unions except the Firefighter MOU (935), Fire Management and Exempt state that "It is the policy of County Fire to discourage overtime except when necessitated by abnormal or unanticipated workload situations."

#### Firefighter MOU – 935

Employees in this MOU work an average of 112 hours per pay period. They work one of three shifts (A, B or C) and receive overtime for any time worked outside of their scheduled shifts. Overtime is paid at 1.5 times the employee's average rate of pay. Positions in this MOU include firefighters, engineers, and captains.

#### Specialized Fire Services MOU – EHS

Overtime for employees in this MOU is defined as any time worked in excess of 40 hours in a week. Paid leaves such as vacation and sick time count toward overtime hours. Standby time also counts toward the overtime calculation. On-call time does not count toward overtime but the total pay for on-call does contribute toward average rate. Overtime is paid at 1.5 times the employee's average rate of pay. Positions in this MOU include Fire Prevention Officers.



### Non-Represented Compensation MOU – NRP

Overtime is defined in this MOU as time worked over 40 hours in a work week for Fair Labor Standards Act (FLSA) employees and over 80 hours in a work period (2 weeks) for non-FLSA employees. Paid leave time (except for sick leave) counts as hours worked for calculating overtime. Standby time is paid at \$3.50 per hour for supervisors and minimum wage for non-supervisors. Standby hours and pay are included as time worked for overtime calculations. On-call time does not count toward overtime but the total pay for on-call does contribute toward average rate. Overtime is paid at 1.5 times the employee's average rate of pay. Positions in this MOU include Public Service Employees, Ambulance Operators, and Staff Analysts.

### General Fire Support MOU – GSU

Overtime for employees in this MOU is defined as time worked over 40 hours in a work week. Paid leave time (except for sick leave) counts as hours worked for calculating overtime. On-call time does not count toward overtime but the total pay for on-call does contribute toward average rate. Overtime is paid at 1.5 times the employee's average rate of pay. Positions in this MOU include Mechanics and Lead Mechanics.

### Emergency Services MOU – ESU

Overtime for employees in this MOU is defined as time worked over 40 hours in a work week. Paid leave time (except for sick leave) counts as hours worked for calculating overtime. Standby time counts as hours worked for calculating overtime. Overtime is paid at 1.5 times the employee's average rate of pay. Positions in this MOU include Dispatchers and Supervising Dispatchers.

### Contract Employees – CNT

Employees in this category are hired on a contract and should be reviewed on an individual basis according to the contract terms.

### Fire Management - FMU

Employees in this MOU are required to work the hours necessary to carry out their duties, therefore, they are mostly excluded from overtime. In the case where



the appointing authority or designee has authorized an employee in this MOU to work overtime, it is compensated at the employee's regular rate of pay. The employees in this MOU are Battalion Chiefs.

### Exempt Employees – Exempt

Employees in this category are mostly excluded from overtime. This MOU incorporates the time and effort needed to fulfill the responsibilities of these positions in to the compensation level. In the case where a positions work extends well beyond the normal hours of employment, the Chief Executive Officer of the County may grant additional compensation. Positions in this MOU include Finance Manager, Division Chief, Assistant Fire Chief, Deputy Fire Marshal, Deputy Fire Chief, Fire Marshal and Fire Chief.



## Scope and Objective

Our audit examined County Fire's overtime hours for the period of July 1, 2016 through June 30, 2017.

The objective of our audit was to determine if overtime hours have been properly recorded by County Fire employees.

## Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Reviews of department policies and procedures
- Interviews and walk-through of the time approval process with County Fire staff to identify controls in place over overtime
- Reviews of Memorandums of Understanding
- Sample of payroll entries for reasonableness and proper approvals
- Comparison of hours and time codes used on system generated reports from County Fire's Online Payroll System to the County's Employee Management and Compensation System (EMACS)
- Recalculation of overtime for selected pay periods based on the related MOU guidelines



**Finding: Internal controls over time entry approval could be improved.**

The Internal Controls and Cash Manual, Chapter 2-2, states that the premise of an effective internal control structure is the control environment, which includes elements such as management's philosophy and operating style and personnel policies and practices. It is imperative that management establishes internal controls, such as policies and procedures, and communicates them to the operating personnel. Furthermore, the ICCM, Chapter 2-3, states that all transactions should be properly authorized and approved, and clarifies that an approving official must be higher in rank than the person incurring the expenditure.

Out of 40 employee time entries tested, 6 were not approved by an employee of a higher rank. County Fire does not have a policy that approvers of overtime must be of a higher rank than the employee submitting the overtime entry.

Due to availability, the department may not have an employee higher in rank to approve time entries. Allowing employees to approve time entries of employees of the same rank increases the risk of unauthorized overtime hours resulting in incorrect wages paid to employees.

**Recommendation:**

We recommend time entries be approved by an employee of a higher-ranking position than that of the employee they are approving. During a shift, if there are no employees of a higher-ranking position available to approve time entries, an employee of a higher-ranking position should provide a second approval before payroll is processed. We also recommend that County Fire incorporate into their payroll procedures that the final approval of all time entries be by an employee higher in rank than the employee submitting the time entry.

**Management's Response:**

The San Bernardino County Fire Protection District agrees with the findings and recommendation related to this report. During the period audited, the District was facing a significant staffing shortage that led to personnel "working down" or fulfilling a lower lever position to achieve the daily staffing requirements to maintain our state of operational readiness.



The fire suppression payroll system is still not fully integrated into the EMACS system and is a proprietary program developed by a staff member who is no longer with the organization. As such, we cannot make changes related to the approval process in place.

When payroll is entered with a supervisor working in a “move down” capacity, the system does not recognize the difference. Therefore, as the assigned shift supervisor approves the overall payroll, it approves the other supervisor who is not working in said supervisory capacity for the shift.

An overall system of checks is performed manually daily as the Battalion Chief approves each of their assigned stations. This provides the opportunity to review and couple the daily staffing roster through the District’s “Telestaff” program, against the entries provided for validity and clarification.

An interdepartmental memo is being sent to reinforce this process and its importance and significance.

We continue to work with EMACS and payroll staff to integrate online payroll as the county standard. The completion of this process is a yet to be determined date as EMACS upgrades are occurring and negotiations will still need to be finalized related to changes in reporting with Local 935.

### **Auditor’s Response:**

The Department’s planned actions will correct the deficiencies noted in this finding.