

Office of the City Auditor

CONSENT CALENDAR

November 14, 2017

To: Honorable Mayor and Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: Audit Report – PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication

RECOMMENDATION

Request that the City Manager report back by April 3, 2018, and every six months thereafter, regarding the status of recommendations until reported fully implemented.

FISCAL IMPACTS OF RECOMMENDATION

Parks, Recreation, and Waterfront (PRW) absorbs costs associated with citywide on-call services. In fiscal year 2016, PRW recorded just over \$1,800 in on-call overtime costs to either the Parks Tax or Marina Fund for services unrelated to those funds.

In fiscal year 2016, PRW mechanics also accrued 477 hours in compensatory (comp) time for on-call services and standby. Not all the services were for PRW activities, yet the department will bear the costs when the employees use their comp time to take leave. Exacerbating the problem is that the cost will be higher: City employees receive leave pay based on their current salary, not their salary when they earned the time.

PRW could save \$15,000 annually in on-call overtime costs. PRW's on-call services call volume Monday through Friday is heaviest between 3 p.m. and 7 p.m. Staffing at least one mechanic a day to work a regular schedule that starts later in the day and ends at 7 p.m. as part of the flex-scheduling program could reduce overtime costs.

CURRENT SITUATION AND ITS EFFECTS

The on-call program is not sufficiently designed to allocate costs. PRW follows the City standard of recording staff time to default account codes based on the division in which they work. This creates a challenge when recording after-hours maintenance labor costs since the work performed by PRW mechanics ranges across City funds, departments, and divisions. This leads to inequitable costs distribution.

PRW has monitoring practices in place to mitigate the risk of fraud and abuse. However, the department has not documented these practices. Also, the high-risk nature of an after-hours program warrants stronger monitoring by assessing information for possible signs for fraud and abuse.

PRW could improve the on-call program by communicating more with the after-hours call center contractor, Direct Line, and City mechanics. Information gained will help with triaging calls. Providing information to mechanics will help demystify why some calls are urgent by City standards, though the urgency may not be readily apparent.

BACKGROUND

PRW building maintenance mechanics provide after-hours on-call services to respond to urgent public maintenance and repair needs. PRW coordinates after-hours schedules with Public Works (PW). Annually, PRW and PW employees meet to establish the standby list for the calendar year. In recent years, PRW mechanics have taken the majority of the standby shifts. When working on standby, assigned mechanics are available to respond to urgent calls outside of their regular working hours at any time, i.e., be “on-call.”

The City contracts with Direct Line for 24-hour call-center services. The contract covers several City accounts, including PRW. Direct Line phone operators use City-approved scripts to ask a series of questions to determine whether a call is urgent or routine. They forward routine calls to the appropriate City department to address during normal business hours, and dispatch the appropriate City staff for urgent calls.

ENVIRONMENTAL SUSTAINABILITY

Our office manages and stores audit workpapers and other documents electronically to significantly reduce our use of paper and ink. Although many of our audits discuss specific environmental impacts, this particular report has no identifiable environmental effects or opportunities associated with it.

RATIONALE FOR RECOMMENDATION

Our recommendations provide low-cost opportunities to make PRW’s on-call program more efficient; provide for equitable and consistent accounting for program costs; and improve oversight to help continue to mitigate risk of fraud, abuse, and misuse.

CONTACT PERSON

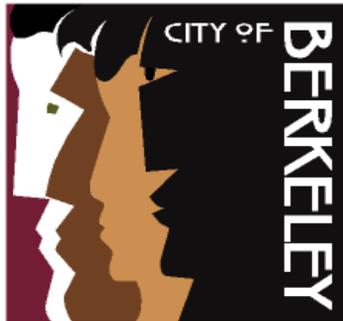
Ann-Marie Hogan, City Auditor, City Auditor’s Office, 510-981-6750

Attachments:

- 1: Audit Report – PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication

City of Berkeley

Office of the City Auditor



PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication

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Presented to Council November 14, 2017

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City Of Berkeley - Office Of the City Auditor

PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring and Communication

November 14, 2017

Purpose of the Audit

Our audit asks the questions: Are the after-hours labor costs for on-call maintenance services recorded to the correct funding stream and charged to the departments that required the work? Is the City monitoring whether the call center vendor appropriately triages calls?

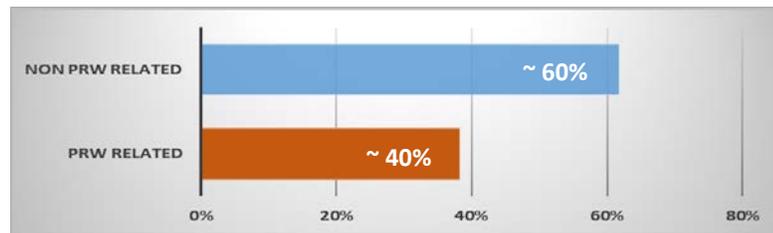
Executive Summary

PRW’s on-call program supports City need but leads to inequity

Parks, Recreation, and Waterfront’s (PRW) Building and Maintenance on-call program supports a City need by making urgent repairs to public facilities. The department provides citywide services using funding meant for parks and marina facilities. This creates inequity for PRW. In our test sample, most of the on-call services that PRW mechanics provided in fiscal year 2016 were not for PRW activities.

Most of the calls PRW mechanics handle are not for PRW related activities

PRW Mechanics’ Distribution of On-Call Services Fiscal Year 2016



Source: Auditor analysis of sample of on-call services. Please see Appendix A.

Use of comp time will lead to larger inequity

Consequently, PRW recorded just over \$1,800 in on-call overtime costs to the wrong account. The amount is immaterial but reflects a larger problem. That problem is exacerbated by the use of compensatory (comp) time. Mechanics who routinely perform after-hours work for non-PRW related activities earn comp time, which PRW later pays for using its funding streams: Parks Tax Fund or Marina Fund.

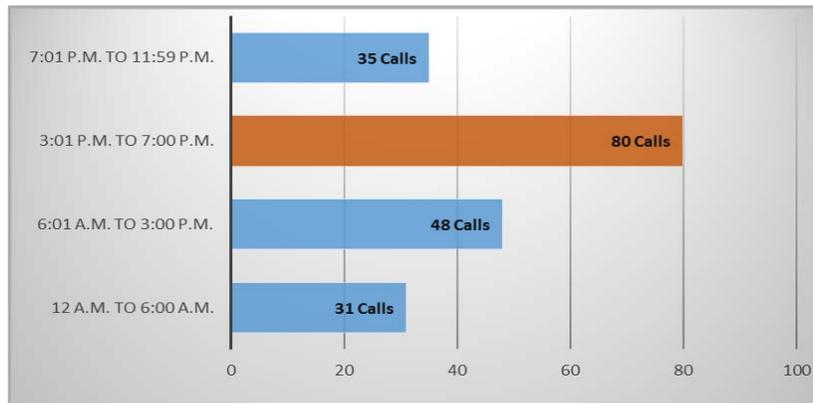
PRW mitigates risks of fraud and abuse; nature of risk warrants some additional controls

On-call programs by their nature are vulnerable to fraud and abuse. PRW mitigates those risks with prudent monitoring activities. Given the high-risk nature of on-call services, however, some additional controls are warranted: Using risk indicators to assess the possibility of fraud or abuse, and performing site inspections.

PRW’s on-call program for building and maintenance services provides value. PRW’s practices, however, are not documented in written procedures. Also, the department has an opportunity to make the program more efficient by improving communication with its call center, Direct Line, and with its mechanics.

Most calls come in between 3 p.m. and 7 p.m.

Most of the after-hours calls that come in Monday through Friday in fiscal year 2016 came in between 3 p.m. and 7 p.m.:



Flex schedule could save money and improve customer service

Staffing at least one mechanic a day to work a regular schedule that starts later in the day and ends at 7:00 p.m. as part of a flex-scheduling program could save \$15,000 in overtime costs a year, improve customer service, and reduce staff time spent traveling home during the Bay Area's evening commute hours.

Recommendations

Our recommendations provide low-cost opportunities to make PRW's on-call program more efficient; provide for equitable and consistent accounting for program costs; and improve oversight to help continue to mitigate fraud, abuse, and misuse risks. Our recommendations include:

- Establishing a system for charging on-call services provided by PRW mechanics to the appropriate account codes; and determining how to account for standby costs.
- Developing written procedures for managing the on-call program and allocating its costs equitably; monitoring on-call services; reviewing timecards and support documentation; improving mechanics' understanding of the program needs; and improving how Direct Line triages calls.
- Restricting the use of compensatory time to only instances in which the work performed relates to the mechanics normal funding stream.
- Running a pilot program so that at least one mechanic a day works a regular schedule that ends at 7:00 p.m. as part of a flex-scheduling system, and implementing permanently if successful.

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AUDIT OBJECTIVES

Our audit asks the questions:

Is the on-call program equitable and efficient?

- Are the after-hours labor costs for on-call maintenance services recorded to the correct funding stream and charged to the departments that required the work?
- Is PRW monitoring whether the call center appropriately triages after-hours calls?

We included an audit of Parks, Recreation, and Waterfront (PRW) maintenance in our fiscal year [2017 Audit Plan](#).¹ At the request of PRW management, we specifically audited PRW building and maintenance on-call services.

BACKGROUND

Community may call 311 for service 24-hours a day, 7 days a week, 365 days a year



Parks, Recreation, and Waterfront (PRW) provides after-hours on-call services to respond to urgent public maintenance and repair needs. The Berkeley community may phone anytime, day or night, to report a problem.

PRW assigns its after-hours work using these categories:

- *Forestry*: Urgent calls are typically for fallen trees and natural debris that pose a safety risk. This category is handled by Forestry personnel.
- *Marina*: Urgent calls are typically for drifting and overdue boats, and vessels in distress. This category is handled by Marina personnel.
- *Building and Maintenance*: Urgent calls cover a wide range. More common are urgent calls for board ups to cover broken windows or damaged doors; water leaks; damaged locks; restroom services; and nonworking elevators and gates. This category is handled by Building and Maintenance mechanics.

¹ City Auditor's Office Fiscal Year 2017 Audit Plan: <http://bit.ly/2017AuditPlan>

On-Call Staff Respond to Acts of Vandalism: Storefront Boarded Up and Glass Cleared



On-call program helps keep people and property safe; collaboration with public safety helps prepare on-call response team

At the request of the Berkeley Police Department, on-call personnel were prepared on February 2, 2017 to respond to acts of vandalism resulting from the violent protests. On-call staff cleared the glass to keep people from harm and boarded up storefronts to protect businesses.

PRW coordinates standby schedules with Public Works

PRW coordinates after-hours schedules with Public Works (PW), which also employs Building and Maintenance mechanics. Annually, PRW and PW employees meet to establish the standby list for the calendar year. Standby requires that mechanics assigned to the service are available to respond to calls outside of their regular working hours at any time, i.e., be “on call.”

Audit focus: PRW building & maintenance after-hours services

Mechanics select the week(s) that they would like to work standby. Selection is on a rotating seniority basis. However, both PRW and PW mechanics work collaboratively to alternate their schedules so that mechanics with less seniority do not always work during holiday weeks.

In fiscal year 2016, eight PRW building and maintenance mechanics were on the standby list: six in the Parks Division and two in the Marina Division. This audit focuses on the on-call services provided by those eight mechanics.

The City's Memorandum of Understanding (MOU) with SEIU Local 1021, Maintenance and Clerical Chapters establishes the pay policies for after-hours work, i.e., "emergency" work. The overtime pay is consistent with that of regular overtime: Mechanics receive one and one-half (1½) times their regular hourly pay rate, and double time if working on Christmas or Thanksgiving or in excess of four hours overtime. The MOU provides additional provisions:

Mechanics earn minimum of three hours overtime responding to a call and 10 hours of overtime for standby

- Mechanics receive a *minimum* of three (3) hours of overtime pay when responding to an emergency call.
- Mechanics receive ten (10) hours of pay at the overtime rate for each week they are on standby.

Mechanics may opt for compensatory time in lieu of overtime pay at the rate of one and one-half (1½) hours for each overtime hour worked, and use that time in the future to take leave. The exception to this is when PRW mechanics respond to calls for emergency board ups for private parties: Mechanics may receive only direct pay for those calls because it is the City's practice to bill the property owner for the service. By paying the mechanic overtime instead of allowing for comp time, the City is able to capture the personnel cost associated with the service.

City uses default account codes based on typical work activities to pay employees

To expedite payroll processing, the City funds personnel costs using default account codes based on staff's job responsibilities and work division. The 14-digit account code consists of the fund, department, and division numbers, and the expenditure type:

PRW default accounts:
Parks and Marina

- *Parks Division Mechanics*: Salary default account code consists of the Parks Tax Fund, PRW Department, and Parks Building and Maintenance Division. Use of the Parks Tax Fund is strictly limited to the acquisition and maintenance of improvements to City parks, trees, and landscaping, per the measure adopted by Berkeley voters.
- *Marina Division Mechanics*: Salary default account codes consists of the Marina Fund, PRW Department, and Marina Operations and Maintenance Division. The Marina Fund is an enterprise fund that is meant to cover the costs of operations, maintenance, and capital improvements at the Berkeley Marina. The revenue comes from berth rentals and property leases.

Direct Line: 24-hour call center handles community requests for service; calls come in via 311

The City contracts with Direct Line for 24-hour call-center services. The contract covers several City accounts, including PRW. Community members may reach Direct Line via the City’s customer service line, 311. Direct Line phone operators use City-approved scripts to ask a series of questions to determine whether the call is urgent or routine. Direct Line forwards routine calls to the appropriate City department during normal business hours, and dispatches the appropriate City staff for urgent calls. Once City personnel address the urgent issue, they report back to Direct Line on the outcome. Direct Line captures this information in its data system and emails the responsible City supervisor incident details.

Lifecycle of an After-hours Urgent Call Received by Direct Line



Parks, Recreation, and Waterfront has experienced tremendous setbacks in recent years:

- Staff turnover: loss of staff with institutional knowledge
- Rapidly changing work priorities: unplanned demands for service
- Catastrophic events: Tuolumne Camp fire
- Unusual weather: snowfall in June at Echo Camp
- Civil unrest: destructive demonstrations in public parks

Despite these challenges, PRW remains committed to connecting people to its services and programs.

FINDINGS AND RECOMMENDATIONS

Finding 1: On-call program not sufficiently designed to allocate costs appropriately

PRW mechanics handle after-hours calls for services unrelated to Parks, Recreation, and Waterfront activities. This is by design: the on-call program requires PRW mechanics to respond to urgent requests for services throughout the City. The program works. PRW mechanics keep public buildings and facilities safe for use and functioning for public need, and make urgent repairs. What is missing from the program, however, are sufficient practices and written guidance for charging the PRW mechanics’ time to other departments and funds unrelated to the PRW activities currently funding the services. The result is inequitable cost allocation.

Not All On-Call Costs Coded Correctly

PRW recorded just over \$1,800 in on-call overtime costs to the wrong account in fiscal year 2016:

Fund Charged: Marina Operations/Maintenance	
Service Area	Amount
Parks	\$335
Public Works	\$722
Subtotal	\$1,057
Fund Charged: Parks Tax	
Service Area	Amount
Public Safety Building	\$670
Public Works	\$126
Subtotal	\$796
Total Misapplied	\$1,853
Source: Auditor analysis of a sample of PRW mechanics' on-call services in fiscal year 2016. See Appendix A for details.	

The amount is immaterial and not a significant concern by itself. However, it is indicative of a larger problem.

Use of default account codes creates challenge for accurately recording costs for on-call services

PRW follows the City standard of recording its staffs' regular time to default account codes based on their work responsibilities for the division in which they work. While the use of default account codes is efficient for normal payroll processing, it creates a challenge when recording on-call overtime costs. The on-call work that the PRW mechanics perform ranges across City funds, departments, and divisions.

PRW has practice for charging PW for board ups, but not for other services unrelated to PRW

There is a practice in place for PRW to record its mechanics' overtime spent on after-hours board ups to the Public Works building and maintenance account code. In turn, Public Works (PW) bills the private party for the service. This is consistent with City policy and understood by the PRW payroll clerk who ensures PRW charges board-up services to the PW account. However, there aren't practices in place for recording PRW mechanics' overtime to other account codes as may be necessary depending on the on-call work that they perform. Also, PRW's current practices are not in formal written procedures that others may refer to when needed to understand expectations.

The same practice that allows for PRW to charge the Public Works building and maintenance account code for boards up could be used for other services. An email sent to PRW staff by the former PRW Deputy Director supports that the same principles for board-up charges apply to other services. Additionally, charging other departments for internal services is supported by the provisions of *City Administrative Regulation*

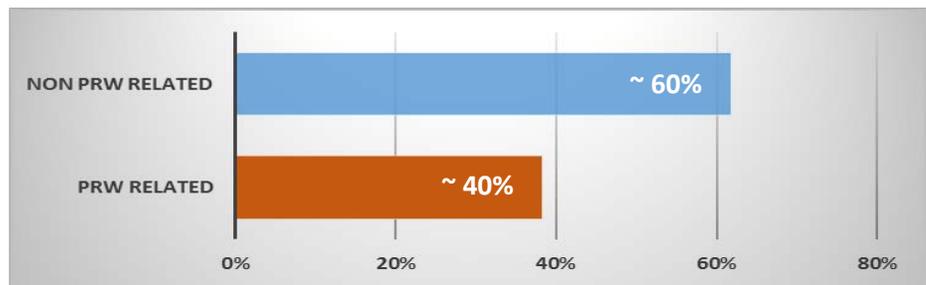
City regulation supports charging departments for providing building and maintenance services



6.4: *Requests for Maintenance and Construction Work*. Though the A.R. was originally drafted for only Public Works (PW), City operations have evolved over time: parks and recreation services used to be a function of PW. PRW now performs facilities maintenance, as is clear by the work PRW on-call mechanics perform for the City.

PRW management expressed concern that PRW mechanics routinely respond to after-hours calls for services unrelated to Parks, Recreation, and Waterfront activities. There was evidence of this in our review of on-call services: PRW mechanics performed on-call services unrelated to PRW activities more than half of the time in our sample. This did not result in a higher misallocation of funds in 2016 because mechanics often received compensatory time in lieu of pay.

**PRW Mechanics’ Distribution of Services Fiscal Year 2016
More Often, Mechanics Respond to Needs Not Related to Parks, Recreation, and Waterfront Activities**



Source: Auditor analysis of a sample of PRW mechanics' on-call services in fiscal year 2016. See Appendix A for details.

PRW On-Call Service Costs Recorded Inconsistently

As mentioned, the PRW mechanics’ time defaults to account codes based on the division in which they work. This led to PRW recording time for similar services to different accounts. For example, a mechanic who works in the Parks Division and responds after hours to a sprinkler leak at the Rose Garden could have time coded to the Parks Tax Fund

Inconsistent charging of services to PRW funds	<p>account. Another mechanic, who works for the Marina Division, responding after hours to the same problem could have his time coded to the Marina Fund account. The latter is incorrect and inconsistent.</p> <p>Recording time consistently will help PRW monitor its costs and budgets. The department can accomplish this with procedures that require the payroll clerk to assess the appropriate account code for on-call services. While such guidance cannot identify every possible scenario in which a mechanic may respond to a service, it can identify common issues and information on how to apply employee time based on locations serviced. This will help ensure PRW records on-call services to the appropriate account code within its own department and to other departments.</p>
Use of comp time will lead to higher inequity: mechanics paid based on current rate, not rate when comp time earned	<p><u>Comp Time Leads to Inequity</u></p> <p>PRW mechanics opted for compensatory (comp) time over 50 percent of the time when working on standby or responding to after-hours calls in fiscal year 2016. There are no immediate overtime costs associated with comp time when earned: The cost is deferred to a future date when the employee uses the time to take leave.</p> <p>PRW charges the use of comp-time leave to the default account code associated with an employee’s regular work activities and division. Given that PRW mechanics routinely respond to the needs of other departments after hours, PRW will eventually pay its mechanics for on-call services unrelated to their default account codes. The cost will be higher when it does: Employees who use comp time are paid based on their current hourly rate, not their pay rate when they earned the time. This leads to higher inequity and inadvertent misallocation of the Parks Tax and Marina funds.</p>
PRW recognizes comp time issue: mechanics may not earn comp time for board ups charged to PW	<p>PRW does recognize the issue with comp time when it comes to board ups. The department requires its mechanics to receive pay for their board-up services versus earn comp time. This allows PRW to charge Public Works. However, neither practices nor written guidance are in place regarding the use of comp time when mechanics provide other services unrelated to their default account code.</p>

Management has the authority to decide when staff may earn comp time

The mechanics' labor agreement (MOU) gives management "sole discretion" to allow employees to use comp time. PRW could use the same principles that it uses for board ups for other non-PRW services and limit when mechanics may earn comp time to when they perform work associated with their default account codes. This will give PRW better control over charging the correct account for the work.

PRW pays for standby, but it is not known what services the mechanics will perform; which account to charge

The issue becomes more challenging with standby. Mechanics earn 10 hours a week for being on call. Both pay and comp time are problematic as it is unknown what work the mechanics will do. Any number of urgent needs could arise: broken lock at the Berkeley Police Station, stuck elevator at a City parking garage, board ups for private parties, overflow at the corporation yard restroom facilities, etc. None of those services relates to the purpose of either the Parks Tax or the Marina Fund, which pay for the PRW mechanics' standby time. Therefore, the appropriate account code to use for standby is unknown. This is equally true regarding the distribution of costs between the Parks Tax and Marina Funds since mechanics routinely do after-hours work for both divisions.

How the distribution of standby costs should be handled is not something that has been fully addressed in recent years in response to evolving operations. We did not design this audit to answer that question. What is needed is for City management to assess its citywide standby needs and determine the best cost allocation for staff's time and whether comp time should be allowed for standby.

Recommendations

Establish equitable system for charging for on-call services

The Parks, Recreation, and Waterfront Department should:

- 1.1 Establish a system for charging on-call services provided by PRW mechanics to the appropriate account codes. This includes identifying the appropriate:
 - Fund unrelated to PRW activities
 - Department outside of PRW
 - PRW fund: Parks or Marina

Work with the City Manager's Office as may be needed to develop the system, and to communicate the new practices to department directors citywide.

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| Restrict use of comp time | 1.2 Restrict the mechanics’ use of compensatory time to only instances in which they can demonstrate that the work they performed on an after-hours call related to their default account code, i.e., normal work functions. |
| Determine how to account for standby pay | 1.3 In collaboration with the City Manager’s Office and Public Works, assess citywide standby needs and determine the best cost allocation for standby pay and whether compensatory time should be allowed for standby. |
| Develop written procedures | 1.4 Develop written procedures for existing and new practices: <ul style="list-style-type: none"> ▫ Charging funds and departments for on-call services unrelated to PRW activities (see recommendation 1.1) ▫ Identifying and using the appropriate account codes for PRW on-call services based on the work done, i.e., Parks vs. Marina ▫ Charging board ups to the Public Works Building Maintenance Fund and requiring that employees receive pay, not comp time, for that service ▫ Restricting the use of comp time to services applicable to employees’ default account code (see recommendation 1.2) ▫ Accounting for standby hours depending on the outcome of recommendation 1.3 |
| Apply concepts to other on-call programs | 1.5 Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted. |

The City Manager’s Office should:

- | | |
|---------------------------------------|---|
| Have other departments apply concepts | 1.6 Request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services. |
|---------------------------------------|---|

City Manager’s Response

The City Manager agreed with the finding and recommendations. The full response is at Appendix B.

Finding 2: Using risk indicators and providing better documentation will improve PRW’s monitoring practices

On-call programs by their nature are vulnerable to fraud and abuse. Employees work alone outside of normal working hours without supervision. This creates the potential to falsify records. PRW mitigates these risks with prudent activities:

- Supervisor:
 - monitors reported on-call time for reasonableness
 - communicates with mechanics as needed when there was more than one call, per after-hours shift, or a job took longer than the minimum three hours
 - reviews Direct Line message details
 - provides Direct Line message detail to payroll clerk
- Payroll clerk:
 - verifies standby claim against the standby list
 - verifies on-call time supported by Direct Line message detail
 - communicates discrepancies to supervisor

PRW performs appropriate reviews to guard against fraud and abuse; ensure accurate time reporting



These practices are in addition to regular timecard reviews: The payroll clerk verifies the appropriate use of time codes. The supervisor compares employee timecards against the punch cards mechanics use to account for their normal shift. All of these practices guard the City against fraud and abuse, and help ensure accurate time reporting. None, however, are documented in procedures.

Written Guidance Supports Expectations

Documenting practices will strengthen PRW’s ability to continue to mitigate fraud and abuse risks. Written procedures provide staff with an understanding of what is required of them to implement policy and help eliminate misunderstandings by identifying job responsibilities.



Use Risk Indicators to Check for Fraud and Abuse

We saw no clear indications of ongoing fraud and abuse in our analysis of fiscal year 2016 on-call services and payroll data. However, we cautioned management that our tests do not prove the absence of fraud and abuse. Absolute assurance is not attainable due to the nature and characteristics of fraud. See Appendix A for the details of our analysis.

High-risk nature warrants additional monitoring

Although management has prudent practices in place, the high-risk nature of an on-call services program warrants additional controls. A highly effective method to mitigate fraud and abuse would be for a supervisor to physically inspect the after-hours work done by the on-call mechanics. This would provide assurance that a mechanic did not claim excessive hours for the work and that the work was necessary. Implementing the control for each on-call service, however, is cost prohibitive and not the best use of the supervisor's time given other critical needs and limited resources.

Risk patterns help identify when stronger monitoring is needed

PRW can use existing information to identify possible fraud indicators and determine whether site inspections should be done. For example, a mechanic who routinely has more on-call services during his or her standby week than colleagues; who regularly takes longer than the minimum time (three hours) to complete tasks; or who requests the standby shift more than others. While these are likely reasonable, and we saw no such indicators in our assessments of payroll data and on-call records, they do provide a way for supervisors to make informed decisions for site inspections. Another indicator would be a dissatisfied employee.

Added value: Monitoring helps obtain customer feedback

As a supplemental procedure, the supervisor or support staff could place a follow-up call to the person or facility that requested the after-hours service. Making these calls can help ensure the work was needed and identify the need for a site inspection. An added benefit is that these calls will help PRW ensure the effectiveness of the program by obtaining customer feedback. PRW can use the fraud indicators to determine when to place these calls.

Documenting Standby Changes Will Improve Monitoring

There was one instance in September 2015 in which two mechanics received standby pay for the same week; one of them was not scheduled for on-call duty. That mechanic did perform after-hours work during the pay period, though he was not on the standby schedule. PRW's on-call practices require that Direct Line phone another mechanic if the person on standby is unavailable or if additional assistance is needed. Because the mechanic who was not on standby did perform on-call services, the Senior Building Maintenance Supervisor believes he may have requested the payroll clerk add standby time to the employee's timecard in error. The mechanic who was not on the standby schedule does not recall receiving pay in error. The possible cost associated with an overpayment, if any, is just over \$550.

Data shows two mechanics received pay for standby for the same week

Possible confusion with standby schedule

Document changes to standby schedule to avoid confusion

The supervisor's explanation sounds plausible. However, this incident took place nearly two years ago shortly after he and the payroll clerk joined PRW. Therefore, it is difficult to know what took place during that period. There may have been a legitimate reason for the pay, e.g., change in standby schedule, which the new supervisor and payroll clerk were unaware of or do not recall. PRW does not have a practice of documenting changes to the standby list. There was no other evidence in our review of standby charges indicating possible abuse, which makes this instance unusual. Therefore, it is not clear whether there was an unintentional pay error and, if so, who was paid in error; or whether there was intentional misreporting of time. PRW can avoid such ambiguity by documenting schedule changes on the standby list, and putting this requirement in written procedures.

Recommendations

Use risk indicators to monitor for fraud and abuse

The Parks, Recreation, and Waterfront Department should:

- 2.1 Develop a system for monitoring on-call services based on risk indicators. Document the system in written procedures. The system should include, but not be limited to:
 - Identifying possible high-risk patterns, e.g., one mechanic routinely responding to after-hours calls more than average; claiming more than the standard three hours more often than others; and/or signing up for standby more than others
 - Identifying possible high-risk circumstances that warrant close monitoring, e.g., dissatisfied employee

- Using the above patterns and indicators to determine if site inspections are warranted
- Using the above patterns and indicators to determine if placing follow-up calls to the person or facility that requested the service are warranted
- Using site inspections and follow-up calls to ensure the work was needed and sufficient, and obtain feedback on customer satisfaction and quality of program
- Physically inspecting locations when the hours a mechanic reported are excessive as compared to the work done or considered reasonable

Develop written procedures

2.2 Develop written procedures for existing and needed practices:

- Obtaining and maintaining support for on-call services and stand-by, and comparing that against timecards
- Reviewing timecards to ensure the appropriate use of time codes and account codes, and that timecards agree with punch cards
- Monitoring practices used to assess the reasonableness of employees' claimed time for on-call services and documenting that assessment with timecards
- Documenting standby schedule changes on the standby list

Apply concepts to other on-call programs

2.3 Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted.

The City Manager's Office should:

Have other departments apply concepts

2.4 Request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services.

City Manager's Response

The City Manager agreed with the finding and recommendations. The full response is at Appendix B.

Finding 3: Better communication with vendor and employees will improve on-call program

PRW is not using on-call services information to improve how Direct Line triages calls. Doing so could reduce unnecessary after-hours work. Direct Line is generally triaging calls correctly following the City’s script, but that script does not allow for Direct Line to filter out some calls that could wait until the next business day. For example, for clogged restroom facilities, Direct Line could ask follow-up questions to determine the urgency: Are there other stalls available? Is the clog leading to overflow? Is the facility in use for the night? And so on. An overflow would warrant immediate attention, while a problem at a facility closed for the evening may not.

Clear Up Confusion with Some Written Guidance

Some mechanics expressed frustration with the on-call program saying that they receive calls after hours for work that could be performed the next day. There was some evidence of that in our review of on-call services, but it was not a pervasive problem.

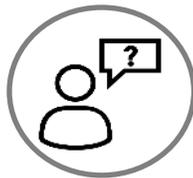
Feedback from mechanics will help inform Direct Line on how to triage calls

Frustrated employees could lead to difficulty in having mechanics sign up for the on-call program, or to employees taking advantage of the system to gain unearned pay. Using feedback from the mechanics to better inform Direct Line could help mitigate these risks and improve employee morale.

Define Urgent

The premise of the on-call program is to respond to urgent needs for public maintenance and repairs. PRW does not have written procedures about the typical types of services that it considers urgent or a description of what is urgent. The only known procedures available related to on-call services and standby are outdated and scattered. Much has changed since they were developed.

Clarify what urgent means within the context of the on-call program

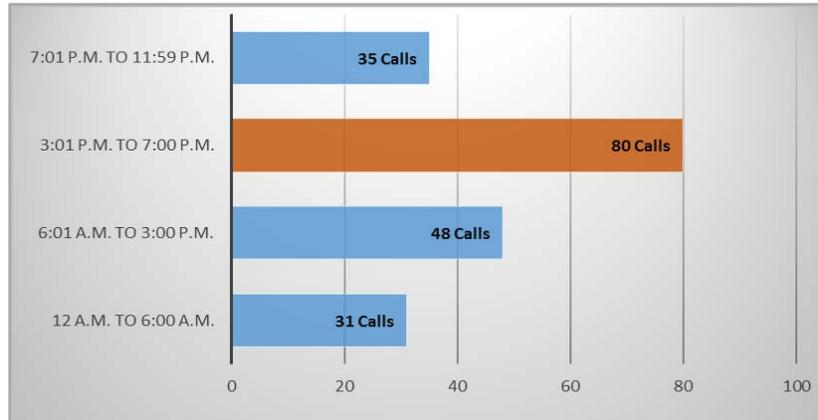


Having procedures that define urgent and explain the on-call program would help mechanics understand why it is important to respond to certain calls after hours versus believing the service could wait. This understanding would allow them to provide information to their supervisor, who can use it to improve how Direct Line triages calls. While it is not possible to identify every conceivable urgent need, some basic information on what creates an urgency and typical urgent services would help mechanics better understand their responsibilities.

Flex Shifts Could Improve Service

Our assessment of how well Direct Line triages calls provided some unexpected information about call levels. Most after-hours calls Monday through Friday come in between 3 p.m. and 7 p.m. That is around the end of the PRW mechanics' typical work shifts.

Monday – Friday: Highest Call Volume Between 3 p.m. and 7 p.m.



Source: Auditor analysis of Direct Line fiscal year 2016 call data.

Most mechanics start their day at 6:30 a.m. There is work they need to get done before business starts in the City. Direct Line's data shows staffing at least one mechanic a day to work a regular schedule that starts later in the day and ends at 7:00 p.m. as part of a flex-scheduling program could:

- Reduce wait times for service.
- Save the City \$15,000 in overtime costs a year.
- Reduce mechanics' time spent traveling home during the Bay Area's evening commute hours.

The schedule would still be in line with the MOU's description of a regular work-day shift.

Flex schedule could save money and improve service delivery

Recommendations

Use on-call details to improve call triaging

The Parks, Recreation, and Waterfront Department should:

- 3.1 Use information from the on-call services to inform Direct Line about how to better triage calls. Information includes feedback from mechanics and customers, and Direct Line's message detail reports. Include this requirement in written procedures.

- | | | |
|--|-----|---|
| Develop guidance describing what types of calls are urgent | 3.2 | Develop guidance describing the types of calls considered urgent and, therefore, requiring on-call services, to a reasonable extent. Require mechanics to use this guidance as a tool for informing the Building and Maintenance supervisor of possible needs to improve how Direct Line triages calls. |
| Run flex-schedule pilot program; make it permanent if successful | 3.3 | Run a pilot program so that at least one mechanic a day works a regular schedule that ends at 7:00 p.m. as part of a flex-scheduling program. Evaluate the program after a period of time, e.g., one year, to determine if it helped reduce service wait times, number of after-hours calls, and overtime costs; used mechanics' time more efficiently; and helped improve employee morale. If successful, implement the program permanently. |
| Apply concepts to other on-call programs | 3.4 | Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted. |

The City Manager's Office should:

- | | | |
|---------------------------------------|-----|---|
| Have other departments apply concepts | 3.5 | Request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services. |
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City Manager's Response

The City Manager agreed with the finding and four of the five recommendations. The full response is at Appendix B.

FISCAL IMPACT

- | | |
|---|---|
| \$1,800 funded by wrong account: small but signals misallocation and inequity | PRW recorded just over \$1,800 in on-call overtime costs to the wrong account in fiscal year 2016. The amount is small, but signals misallocation of Parks Tax and Marina funds. This is likely an inadvertent result of evolving operations: Parks and recreation activities were, at one time, functions of Public Works. |
| Use of comp time will lead to higher inequity | The inequity is larger than the numbers show. Mechanics routinely opt for compensatory (comp) time in lieu of pay when they perform on-call work or are on standby. When the mechanics take leave using their comp time, the PRW funding stream that pays for their normal daily activities bears the cost. |

In fiscal year 2016, PRW mechanics accrued 477 hours in comp time for on-call services and standby. Not all that work was for PRW activities. Exacerbating the problem is that the cost of the leave will be higher: City employees receive leave pay based on their current salary, not their salary when they earned the comp time.

Flex schedule could save \$15,000 a year in overtime costs

The City could save \$15,000 a year in overtime costs by staffing at least one mechanic a day to work a regular schedule that starts later in the day and ends at 7:00 p.m. as part of a flex-scheduling program.

CONCLUSION

Audit evidence supports management concerns: PRW mechanics perform a lot of work for non-PRW activities

Parks, Recreation, and Waterfront (PRW) performs a much needed service for the City. Its mechanics respond to urgent maintenance and repairs after-hours to protect the public and keep public facilities functioning for use. PRW management and personnel expressed concern that PRW mechanics spent more on-call time on non-PRW related activities than PRW activities. Audit evidence suggests that is accurate and represents inequity for PRW as well as unintended misallocation of Parks Tax and Marina berth and property leases funds. The full burden is hidden by compensatory time earned by mechanics. Those costs will not be expensed until the mechanics use the time.

Written procedures and more communication will help support the on-call program

PRW personnel perform activities that help mitigate the risk of fraud and abuse. They also have practices in place for ensuring the proper use of time codes and charging Public Works for board ups. Overall, the Building and Maintenance supervisor and PRW payroll clerk demonstrated a command of their responsibilities. However, what they do and what they understand of the program isn't documented in written guidance. There is also an opportunity to improve the on-call program by communicating more with Direct Line and mechanics. Information gained will help with triaging calls, and providing information to mechanics will demystify why calls are urgent by City standards, though they may not appear to be so.

We appreciate and thank City staff and management for their consideration and assistance; we also thank Direct Line staff for their consideration

We would like to thank PRW personnel for their continued cooperation and assistance during this audit. Their time and efforts helped us gain an understanding of the department's challenges and its practices for managing the after-hours program. We would also like to thank Direct Line for helping us understand its processes and systems. We appreciate everyone's efforts and commitment to improving City services.

APPENDIX A:

Scope and Methodology

We audited on-call services provided by Parks, Recreations, and Waterfront (PRW) Building and Maintenance mechanics in fiscal year 2016 for equity and efficiency. Specifically, we assessed if PRW charges on-call services to the correct fund and department, and if it monitors how Direct Line triages calls. To achieve our objectives, we:

- Met with PRW staff to gain an understanding of the on-call maintenance program, management concerns, and timecard processing practices and requirements.
- Met with Direct Line personnel to understand what call data the organization collects, how operators triage calls, and how data are captured and reported.
- Analyzed Direct Line fiscal year 2016 call data to understand the call volume; types of calls handled by Building and Maintenance mechanics; PRW's practices for monitoring Direct Line; and how well Direct Line triages calls.
- Obtained read-only access to the Direct Line data portal and monitored urgent calls between December 27, 2016 and February 3, 2017. We used that information to perform eight site visits to verify that PRW's description of services agreed with actual practices and that mechanics are performing the work as expected.
- Reviewed policies and procedures relating to on-call and standby services; SEIU Local 1021 MOU describing personnel policies for mechanics' after-hours services and pay; on-call program audits performed by other cities; the City's Direct Line contract; and Direct Line scripts.
- Reviewed the City's chart of accounts to understand the account codes (aka budget codes) used to record payroll costs to the City's financial system, FUND\$; a list of payroll time codes used to account for on-call services and standby; and payroll and financial data for mechanics who worked overtime in fiscal year 2016.
- Examined and traced payroll records to supporting documentation for 82 instances of overtime in fiscal year 2016. This included: six instances of standby; 41 instances of on-call services; and 35 instances of regular overtime. We used our examination to identify the account codes used to pay mechanics and whether time codes were used as required. We did not verify whether Public Works billed private parties for board ups as required as it was outside our audit scope.

Sampling Methods and Errors

We used [Macorr](#)² to sample our population of 379 overtime payroll records for Building and Maintenance mechanics in fiscal year 2016. That resulted in a sample size of 77 records using a 95% confidence level and 10 confidence interval. Some overtime records were split to more than one account code (as appropriate), which resulted in our review of 82 instances of overtime.

² Macorr Research Solutions Online: <http://www.macorr.com/sample-size-calculator.htm>

The data population included records outside our audit scope and omitted a mechanic who had transferred from PW during our review period. The larger data population allowed us to confirm that PRW uses the appropriate time codes for on-call services and standby. We initially had concerns that it did not. The larger population also allowed us to see issues with compensatory time and to perform fraud and abuse test work. The mechanic missing from our data population worked in PW, which was not our audit focus, and had only five records associated with on-call and standby services. We made inadvertent sample selection errors: we selected 72 not 77 records and miscounted our sample selection using our list randomizer. We determined we could still use our testing results because we found sufficient evidence to address our audit objectives. We recognized that we could not project results to the data population of payroll records for on-call services.

Fraud and Abuse Testing

Generally accepted government auditing standards require that we assess the risk of significant fraud occurring within the context of our audit objectives. On-call services are at high risk of fraud and abuse. Therefore, we performed specific work to look for indications that fraud and abuse occurred, and to identify weaknesses in the control environment that would allow it to occur. We found all calls in our sample of payroll records to be supported by timecards and, for on-call services, Direct Line message details. We saw evidence of both supervisory and payroll clerk review to assess the legitimacy of time reported for on-call services and standby. We performed data analysis to look for patterns indicative of fraud and abuse. We found none, but did find one instance of unsupported standby pay. We reported that to PRW management.

We also compared timecards to punch cards for our test sample. There was one instance in which a mechanic reported time on his timecard but not his punch card. Because there were otherwise no problems with the mechanic's time reporting, we considered this an inadvertent oversight by the mechanic to punch in for this shift. PRW was unable to produce punch cards for mechanics who worked at the Marina because staff were moving offices. Because all records in our test sample were supported by approved timecards, and each record in our test sample of on-call services, the focus of our audit, was supported by Direct Line message details, we did not continue to ask PRW to locate the punch cards.

Auditor Independence

Our office is mandated by the Berkeley City Charter to be responsible for the oversight and management of the Payroll Audit Division. Because of this relationship, our office could be seen as lacking independence when our work touches upon payroll-related activities and/or uses payroll data. Therefore, for this audit, to reduce the potential threat to our office's independence, we limited our audit work to exclude activities for which the Payroll Audit Division is responsible.

Data Reliability

We assessed the reliability of Direct Line's data by (1) reviewing the contractor's data integrity and quality assurance procedures; (2) obtaining a copy of Direct Line's 2015 Gold Start Level certification and associated peer review performed by the Association of TeleServices International; (3) interviewing Direct Line management, and (4) performing site visits to substantiate that the data system is used as intended and contains the data as expected. We determined that the data were sufficiently reliable for the purposes of our audit.

We also assessed the reliability of FUND\$ payroll data by (1) interviewing knowledge data owners and system managers; (2) tracing to source documents and a secondary system, Direct Line; and (3) reviewing the data for reasonableness and completeness. We determined that the data were sufficiently reliable for the purposes of our audit.

Standards Compliance Statement

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 objective.

APPENDIX B

Audit Findings, Recommendations, and Management Response Summary

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
Finding 1: On call program not sufficiently designed to allocate costs appropriately					
1.1	<p>Establish a system for charging on-call services provided by PRW mechanics to the appropriate account codes. This includes identifying the appropriate:</p> <ul style="list-style-type: none"> ▫ Fund unrelated to PRW activities ▫ Department outside of PRW ▫ PRW fund: Parks or Marina <p>Work with the City Manager’s Office as may be needed to develop the system, and to communicate the new practices to department directors citywide.</p>	PRW	Agree	1/1/18	PRW will work with Public Works and the City Manager’s Office to develop new procedures for charging on-call services provided by PRW mechanics.
1.2	<p>Restrict the mechanics’ use of compensatory time to only instances in which they can demonstrate that the work they performed on an after-hours call was related to their default account code, i.e., normal work functions.</p>	PRW	Agree	1/1/19	As this departs from the City’s past practice, PRW will recommend this policy change during the upcoming negotiations with the Building Maintenance Mechanics’ bargaining unit.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
1.3	In collaboration with the City Manager’s Office and Public Works, assess citywide standby needs and determine the best cost allocation for standby pay and whether compensatory time should be allowed for standby.	PRW	Agree	1/1/19	See corrective action plans for recommendations 1.1 and 1.2.
1.4	<p>Develop written procedures for existing and new practices:</p> <ul style="list-style-type: none"> ▫ Charging funds and departments for on-call services unrelated to PRW activities (see recommendation 1.1) ▫ Identifying and using the appropriate account codes for PRW on-call services based on the work done, e.g., Parks vs. Marina ▫ Charging board ups to the Public Works Building Maintenance Fund and requiring that employees receive pay, not comp time, for that service ▫ Restricting the use of comp time to services applicable to employees’ default account code (see recommendation 1.2) ▫ Accounting for standby hours depending on the outcome of recommendation 1.3 	PRW	Agree	1/1/19	PRW will document practices, as discussed in the corrective action plan for recommendation 1.1; and will develop procedures for new practices, pending the outcome of the corrective action plan for recommendation 1.2.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
1.5	Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted.	PRW	Agree	1/1/19	See corrective action plans for recommendations 1.1 and 1.2.
1.6	The City Manager’s Office should request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services.	CMO	Agree	1/1/19	See corrective action plans for recommendations 1.1 and 1.2.
Finding 2: Using risk indicators and providing better documentation will improve PRW’s monitoring practices					
2.1	<p>Develop a system for monitoring on-call services based on risk indicators. Document system in written procedures. The system should include, but not be limited to:</p> <ul style="list-style-type: none"> ▫ Identifying possible high-risk patterns, e.g., one mechanic routinely responding to after-hours calls more than average; claiming more than the standard three hours more often than others; and/or signing up for standby more than others ▫ Identifying possible high-risk circumstances that warrant close monitoring, e.g., dissatisfied employee 	PRW	Agree	1/1/18	PRW will develop and document a system for monitoring on-call services.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
	<ul style="list-style-type: none"> ▫ Using the above patterns and indicators to determine if site inspections are warranted ▫ Using the above patterns and indicators to determine if placing follow-up calls to the person or facility that requested the service are warranted ▫ Using site inspections and follow-up calls to ensure the work was needed and sufficient, and obtain feedback on customer satisfaction and quality of program ▫ Physically inspecting locations when the hours a mechanic reported are excessive as compared to the work done or considered reasonable 				
2.2	<p>Develop written procedures for existing and needed practices:</p> <ul style="list-style-type: none"> ▫ Obtaining and maintaining support for on-call services and stand-by, and comparing that against timecards ▫ Reviewing timecards to ensure the appropriate use of time codes and account codes, and that timecards agree with punch cards 	PRW	Agree	1/1/18	PRW will document these procedures.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
	<ul style="list-style-type: none"> ▫ Monitoring practices used to assess the reasonableness of employees' claimed time for on-call services and documenting that assessment with timecards ▫ Documenting standby schedule changes on the standby list 				
2.3	Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted.	PRW	Agree	1/1/19	PRW will apply these recommendations, as appropriate to other PRW on-call services.
2.4	The City Manager's Office should request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services.	CMO	Agree	6/30/18	The City Manager's Office will ask that other departments review PRW procedures, and apply as appropriate
Finding 3: Better communication with vendor and employees will improve on-call program					
3.1	Use information from the on-call services to inform Direct Line about how to better triage calls. Information includes feedback from mechanics and customers, and Direct Line's message detail reports. Include this requirement in written procedures.	PRW	Agree	6/30/18	PRW will propose changes to the Direct Line script used to triage calls.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication					
Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
3.2	Develop guidance describing the types of calls considered urgent and, therefore, requiring on-call services, to a reasonable extent. Require mechanics to use this guidance as a tool for informing the Building and Maintenance supervisor of possible needs to improve how Direct Line triages calls.	PRW	Agree	6/30/18	See corrective action plan for recommendation 3.1.
3.3	Run a pilot program so that at least one mechanic a day works a regular schedule that ends at 7:00 p.m. as part of a flex-scheduling program. Evaluate the program after a period of time, e.g., one year, to determine if it helped reduce service wait times, number of after-hours calls, and overtime costs; used mechanics' time more efficiently; and helped improve employee morale. If successful, implement the program permanently.	PRW	Do Not Agree		The savings from reduced on-call services would be offset by losses in efficiency from having one mechanic working alone, without supervision, and during peak program hours when buildings are occupied.
3.4	Apply the above recommendations to other on-call services, e.g., Forestry, as may be warranted.	PRW	Agree	1/1/19	PRW will apply the corrective action plan for recommendations in 3.1 and 3.2, as appropriate, to other PRW on-call services.

Audit Title: PRW On-Call Program: Ensure Equity by Developing Procedures for Charging for Services, and Improve Monitoring Practices and Communication

Findings and Recommendations		Lead Dept.	Agree, Partially Agree, or Do Not Agree	Expected or Actual Implementation Date	Status of Audit Recommendations, Corrective Action Plan, and Progress Summary
3.5	The City Manager’s Office should request that other departments, e.g., Public Works, apply the above recommendations as may be warranted for on-call services.	CMO	Agree	1/1/19	The City Manager’s Office will request that other departments review information shared with Direct Line to triage calls.