



Fiscal Audit

**BUREAU OF POLICE
DEPARTMENT OF PUBLIC SAFETY**

POLICE SECONDARY EMPLOYMENT TRUST FUND

Report by the
Office of City Controller

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CITY OF PITTSBURGH
OFFICE OF THE CITY CONTROLLER
Controller Michael E. Lamb

June 2022

To the Honorable Mayor Edward Gainey and
Honorable Members of Pittsburgh City Council:

The Office of the City Controller is pleased to present this fiscal audit of the **POLICE SECONDARY EMPLOYMENT TRUST FUND**, conducted pursuant to the power of the Controller under Section 404(b) of the Pittsburgh Home Rule Charter.

EXECUTIVE SUMMARY

The employment of any staff of the Bureau of Police—and, as applicable, charter of equipment or vehicles—by private persons or entities for security details constitutes the operation of secondary employment. The earnings from these details are the primary revenue source for the trust fund, per the establishing Resolution 259 of 2013. Subsequent resolutions have permitted the Bureau of Police to contract with Cover Your Assets (CYA), which—after the scope of our audit—has been acquired by RollKall, to manage the web-based secondary employment system used to schedule assignments, referred to as “details,” to personnel of the department.

Our Office reviewed and tested the internal controls of the fiscal administration of secondary employment processes. This included the sample reviews and attribute testing of secondary employer applications, invoicing procedures, and scheduling processes. For more information on our testing procedures, please review the section of this report called **Testing**.

Based on the results of our research, we recommend that the Bureau of Police and off-duty contractor clearly define the responsibilities of the review, documentation, and coordination of secondary employment, particularly for invoicing and scheduling. For the scope of our audit, we noted significant outstanding balances due to the City of Pittsburgh for secondary employment services rendered by City personnel. We also noted overages in hours worked by police officers. The Bureau of Police may wish to consider utilizing its digital management system—along with any updated policies and procedures—to more closely monitor secondary employer applications and balances as well as the hours permitted to officers for secondary employment details. Incidentally, the department administrators may also wish to consult with the City’s Department of Law regarding outstanding

secondary employer balances carried over for extended periods of time. For more information, please review the sections under [Testing](#) and [Findings and Recommendations](#) of this report.

We appreciate the cooperation, patience, and support of the staff with whom we coordinated during our audit.

Sincerely,

A handwritten signature in black ink that reads "Michael Lamb". The signature is written in a cursive, flowing style.

Michael E. Lamb
City Controller

INTRODUCTION

This fiscal audit of the **Police Secondary Employment Trust Fund (PSETF)** was conducted pursuant to the power of the Controller under [Article IV, Section 404\(b\)](#) of the Pittsburgh Home Rule Charter.

SCOPE AND METHODOLOGY

The scope of our audit covered the period of **January 1, 2018, to December 31, 2019.**

The objective of this audit was to determine whether or not procedures and internal controls relating to the administration of the trust fund were adequate during the examined period. In order to achieve this objective, the following procedures were performed:

- Created summaries of revenue sources and expenditure categories.
- Performed variance analysis on expenditures.
- Interviewed the staff of the Pittsburgh Bureau of Police and Cover Your Assets (CYA).
- Obtained information on the operations, processes, and internal controls of the trust fund from the staff of the Bureau of Police and Department of Public Safety.
- Obtained information from CYA staff on the functions and use of the company's Special Events Management System (SEMS-To-CYA), which is used to schedule and track the hours and billing for the work performed by officers.
- Reviewed the contracts, internal policies, and resolutions governing the administration of secondary employment.
- Reviewed and tested samples of invoices to determine if balances were paid in full.
- Reviewed samples of secondary employment schedules in relation to departmental policies.
- Reviewed and tested secondary employer applications.

BACKGROUND

The PSETF was established via Resolution 259 of 2013 to authorize the Controller to create a trust fund for the deposit of monies from police details, secondary employment, and Special Events cost recovery. It also authorized the money deposited therein to be used by the Department of Public Safety to cover premium pay reimbursement for the personnel and administrative costs associated with these operations. Resolution 640 of 2013 permitted the Bureau of Police to contract with CYA to manage the web-based secondary employment system used for scheduling details. Within the time period of this audit review, the CYA contracts 50400 and 52430 delineated the terms of that agreement between the Bureau of Police and CYA. The orchestration of secondary employment is further conducted under the policies and procedures of the Bureau of Police.

To enroll, secondary employer applicants are required to submit PBP Form 219.10, *Secondary Employment Application Agreement*. PBP Form 219.10 must be reviewed and approved or denied by the Chief of Police or his or her designee. Bureau of the Police procedures indicate that when applicants are rejected, they receive written notification of the rejection providing the reason(s).

Once approved, secondary employers are given the policy document *Secondary Employer Rules and Regulations* and two options for scheduling security details: they can submit a request via SEMS-To-CYA or they can request an approved officer to coordinate the details. Please note that in police terminology, a **detail** is another word for an assignment.

PBP Form 290, *Secondary Employment*, delineates the Bureau's policies on the governance of secondary employment. It provides guidelines on billing for secondary employers, the number of hours permitted per officer, and the type of secondary employment permissible.

FUNDING SOURCES

The PSETF is primarily funded by payments from secondary employers for security details worked by off-duty officers of the Pittsburgh Bureau of Police. Secondary employers must go through an application process with the Planning Office of the Bureau of Police. The City invoices these employers monthly, and it charges an hourly rate for the officer(s); an administrative fee; and, as applicable, an equipment and/or vehicle fee. Secondary employers are instructed to issue payment(s) to the City Treasurer, Department of Finance.

APPROVAL AND INVOICING OF SECONDARY EMPLOYERS

The standard monthly invoice issued to secondary employers is administered by CYA. The hourly rate charged for officer hours is based on officers' years of experience, and the administrative fee—also referred to as a "cost recovery fee"—is a calculation of 10% of the time-and-a-half rate of a fourth-year officer's hourly rate. In accordance with the Bureau of Police pay scale in effect during 2018 and 2019, a fourth-year officer's hourly rate is \$46.06, and 10% of this rate is \$4.61. For instance, the hourly charge to detail a fourth-year officer working in secondary employment is $\$46.06 + \$4.61 \times [\text{NUMBER OF HOURS WORKED}]$. Payment is due within 30 days of the invoice date.

Page 2 of the document *Secondary Employer Rules and Regulations* indicates that failure to comply with invoicing requirements can result in the "immediate suspension and/or termination of any and all secondary employment provided to the applicant and the denial of any future applications."

MONITORING OF BALANCES

The Planning Office of the Bureau of Police is responsible for maintaining accounting records of secondary employer balances. When applicable, its procedure is to notify secondary employers of outstanding balances if full payment is not remitted 30 days from the date of CYA's invoice. Secondary employers are then given 30 additional days to resolve the past-due amount. If the balance is still not paid, the procedure indicates that secondary employers are sent a revocation warning that provides a final due date 2 weeks from the date of the notice. The warning indicates that, as of the final due date, nonpayment will result in the suspension of police services and that the matter may be forwarded to the City's Department of Law. The Planning Office can revoke secondary employers via SEMS-To-CYA.

SCHEDULING OFFICERS FOR SECONDARY EMPLOYMENT

As already noted, City police officers can register for secondary employment in SEMS-to-CYA and bid on details or request that approved coordinators schedule the details for them. According to Contract 52430, SEMS-to-CYA provides administrators with reports on shift schedules, personnel details, and the number of working hours per officer. Page 25 of this contract notes that the SEMS-to-CYA system also reports whether or not officers have exceeded the allowable number of hours in a single day. It is important to note that approved coordinators are, when requested, able to use SEMS-to-CYA to make manual entries of officer schedules, but the

coordinators are responsible for scheduling the correct number of hours. Approved administrators are also able to run detailed reports of personnel under their command.

MAXIMUM NUMBER OF HOURS ALLOWED

PBP Form 290 restricts the maximum number of permissible hours and types of security details per officer for secondary employment based on the amount of service. Officers must have completed at least 1 year of service before being eligible for secondary employment. This information will be broken in Table I below.

**Table I: PSETF Maximum Number of Hours Allowed
For the Period January 1, 2018, to December 31, 2019**

<i>Amount of Service</i>	<i>Maximum Number of Hours</i>	<i>Detail Restrictions</i>
1 year	16	Only Special Events and traffic details allowed
18 months	16	No restrictions
3 years	24	No restrictions
4 years	32	No restrictions

EXPENDITURE OF FUNDS

The Bureau of Police and the Department of Public Safety use internal recordkeeping and JD Edwards (JDE) accounting software to record revenues and expenditures related to the PSETF. We noted that they used funds for police officers' secondary employment pay, CYA service fees, and settlements for issues relating to secondary employment details.

SUMMARY OF REVENUES AND EXPENDITURES

A total of \$17,828,796 was deposited into the trust fund during the period of our audit as summarized in the table below.

Table II: PSETF Revenues			
For the Period January 1, 2018, to December 31, 2019			
<i>Funding Source</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Secondary Employment Fee	\$725,442	\$785,453	\$1,510,895
Secondary Employment Reimbursement	\$7,729,152	\$8,327,122	\$16,056,275
Vehicle Usage Fee	\$112,668	\$148,958	\$261,626
Total	\$8,567,263	\$9,261,533	\$17,828,796

A total of \$17,816,911 was paid out of the trust fund during the period of our audit as summarized in the table below.

Table III: PSETF Expenditures			
For the Period January 1, 2018, to December 31, 2019			
<i>Expenditure Category</i>	<i>2018</i>	<i>2019</i>	<i>Total</i>
Premium Pay	\$8,426,842	\$8,659,726	\$17,086,568
Computer Maintenance	\$187,902	\$164,532	\$352,434
Social Security	\$116,509	\$120,739	\$237,249
Judgements	\$0	\$77,500	\$77,500
Regular Pay	\$31,295	\$31,859	\$63,154
Other Insur/Benefits	\$0	\$7	\$7
Total	\$8,762,548	\$9,054,363	\$17,816,911

TESTING

To provide reasonable assurance of the statements provided in this report, we administered tests on the activities of the trust fund to measure compliance with the provisions of contracts, legislations, and policies. We specifically reviewed CYA contracts 50400 and 52430, PBP Forms 219.10 and 290, policies and procedures of secondary employment, and departmental documentation of financial activity.

TESTING OF INVOICES

Payments from secondary employers pay for the hours worked by police officers and the administrative costs of the program. We administered limited testing on the recordkeeping of secondary employer invoices. The objective of our testing was to determine if financial records were properly retained for recordkeeping and if balances were paid in full and in a timely fashion. This entailed a process of reviewing financial statements from the Bureau of Police and CYA and measuring their compliance against the department's policy documents and contracts.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

TESTING OF OFFICER HOURS WORKED

Sections 5.4 and 12.1 of PBP Form 290 outline restrictions on the number of allowable hours for officers per work week. According to Section 13.2.1, CYA is responsible for reviewing the number of hours worked in secondary employment and notifying the Planning Office of any overages. Per the form, officers that exceed the permissible hours are required to submit a memo to the Planning Office supervisor explaining the cause.¹ Therefore, our testing for this attribute focused on whether or not staff of the Bureau of Police complied with the limitations delineated in policy. We performed a limited test on a small sample of logged hours, and we broke down each log by officer rank, years of service, and hours worked.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

TESTING OF APPLICATIONS

To ensure the internal controls surrounding the application process of secondary employers were compliant with PBP Forms 219.10 and 290, we reviewed a sample of application forms. The objective of this review was to ensure that applications were retained for recordkeeping and that application forms were completed and approved properly.

¹ In December 2020, a new edition of PBP Form 290 was published. The revised edition removed several sections from the 2015 edition, which was in effect during the scope of this audit. The deletion included the section requiring CYA to review and notify the Planning Office of overages in hours and officers to submit memos of explanation for violations of the maximum-hour policy.

For more information on the results of this testing, please review the [Findings and Recommendations](#) portion of this report.

FINDINGS AND RECOMMENDATIONS

FINDING #1: OUTSTANDING BALANCES

The 2018 and 2019 summary documentation of secondary employment activity the Bureau of Police provided indicated overages in payments from some secondary employers and outstanding balances from others. The net of these totals indicates that a significant amount of money is still owed to the City for secondary employment services.

Although policies and procedures during the scope of the audit indicate that secondary employers with outstanding balances will be warned and revoked for unpaid balances, the financial statements provided to the Office of the Controller indicate that delinquent secondary employers were not revoked. Therefore, secondary employers with outstanding balances continued to participate in the program.

RECOMMENDATION

As of the audit period, the department's internal controls for reviewing and collecting balances are insufficient. The Bureau of Police should consider the standing of any delinquent secondary employer and determine if any should be revoked and/or reported to the Department of Law. The Bureau of Police should also devise a formal process for the review and collection of balances, and this process should be reviewed routinely. Quarterly and/or annual reporting routines can also assist in highlighting potential weaknesses in the invoicing process. This can also assist in the overall monitoring and forecasting of revenue accrued from the secondary employment program. Incidentally, a routinely maintained revocation list could allow for the operational ease of review.

AUDITEE RESPONSE

Accept. The PBP — Planning Office does have a process wherein a past due notice is issued to the vendor for each unpaid invoice. If payment is not received within 30 days, a notice is issued advising the vendor that their account will be suspended and/or revoked. The Planning Office notifies the Law Department of delinquent accounts for their review and recommendation of legal action to recover unpaid balances. The PBP will memorialize this process which will include the tracking of delinquent invoices, referrals for legal action, and a suspension/revocation list.

FINDING #2: OFFICER HOURS WORKED

Section 13.2.1 of PBP Form 290 indicates that it is CYA's duty to review the number of hours worked by individual officers; however, the CYA contracts 50400 and 52430 do not state this requirement. This appears to represent a misunderstanding in policy requirements between the Bureau of Police and CYA. As a result, it is not clear who is responsible for monitoring staff compliance of written guidelines. Our testing on a limited sample of entries indicated that some officers were permitted secondary employment before meeting the minimum requirements for eligibility and others exceeded the maximum number of allowable hours.

RECOMMENDATION

It is operationally important for the Bureau of Police and CYA to understand which entity is responsible for the monitoring processes that surround the requirements of secondary employment. If the amount of service is a requisite of scheduling officers for secondary employment and the number of total hours is also restricted based on that service, there must be a documented review process for the monitoring and enforcement of these requirements. The responsibility of monitoring and enforcement should be defined in internal policies. Avoiding overages in secondary employment work can also ensure that it does not interfere with primary officer work. Incidentally, per Page 25 of CYA Contract 52430, the SEMS-To-CYA reports the number of hours worked by personnel and if they have exceeded their acceptable number of work hours.

We have noted that the 2020 edition of PBP Form 290 removed all policy references to the monitoring of officer hours.

AUDITEE RESPONSE

Accept. Be advised that CYA was bought out by RollKall Off-Duty Management System who continued to support the CYA platform for the PBP. In April of 2022, the PBP transitioned from the CYA platform to the RollKall system. In response to this recommendation, the PBP requested the ability to receive and/or produce a summary report reflecting the total number of hours work by each officer in the prior week. An Agency Report reflecting total hours worked in the prior week is available and will enable the PBP to monitor if any officer exceeds the allotted number of hours, investigate whether there was a policy violation, and document the same. A process will be memorialized which can be incorporated into the next revision of General Order 29-1 Secondary Employment Policy.

FINDING #3: REVIEW OF APPLICATIONS

We tested whether or not applications for secondary employers were retained for recordkeeping and that the applications forms were signed and approved. Of those tested, only one applicant was permitted secondary employment in practice despite being ineligible to be a secondary employer. Ineligibility was determined in two ways: first, by invoices billing secondary employment to the ineligible applicant after communication was released from management of the Bureau of Police that the applicant was ineligible and, second, by departmental policies that were in effect during the audit period.

RECOMMENDATION

Although the review and approval process for secondary employer applications has a low rate of error in the Bureau of Police, there can be financial risk and liability with allowing any work at unapproved secondary employers. The risk potential can be mitigated by implementing a two- or three-tier review process for secondary employer applications and

the policies, procedures, and forms that apply to them. Incidentally, directives given by the Bureau's management should be communicated department-wide and enforced via periodic review of billing summaries. Per CYA Contract 52430 on Page 17, the SEMS-To-CYA also allows administrators to flag employers as approved or not approved.

AUDTIEE RESPONSE

Accept. Currently, applications are submitted to the Planning Office for review and approved by a supervisor. As recommended, another supervisor/designee will be added to implement the two-tier review.

In the CYA system, designated PBP administrators could suspend vendors in the system which prevents their jobs/details from being posted and worked, and/or the Planning Office would advise CYA to do this on their behalf. The PBP will continue to follow this process with RollKall. The Planning Office will monitor the billing summaries to ensure that officers do not continue to work for suspended/revoked vendors.

ADDENDUM

Fiscal auditing is an essential process in constructively reviewing financial operations. The process allows for the discovery of opportunities to build up and strengthen the financial functions of the City's trust funds. Fiscal auditors provide an opinion of the financial accuracy of the management of trust funds. The procedures of each audit can include but are not limited to risk assessments; legislative research and review; and testing of departmental documentation of financial records and, as necessary, policies and procedures.

The results of the Controller Office audits are kept in record and reviewed regularly. If the auditee disagrees with the recommendations made by the Office of the Controller, the auditee is advised of the responsibility for accepting the potential risks of that decision. If the auditee agrees, follow-ups are performed on any recommendations made until evidence is given showing that the identified risks are resolved. Fiscal audit reports and follow-ups can be viewed on the Controller portion of the City of Pittsburgh's website under [Fiscal Audits](#).