



Audit Report
Police Secondary Employment FY16
November 28, 2017

City Auditor's Office
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Purpose and Scope

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

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

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

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

Conclusion

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

Summary of Findings and Recommendations

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

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

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

Background

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

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

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

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

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

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

Audit Findings and Recommendations

1. Officers have correctly billed employers for time worked.

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

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

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

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

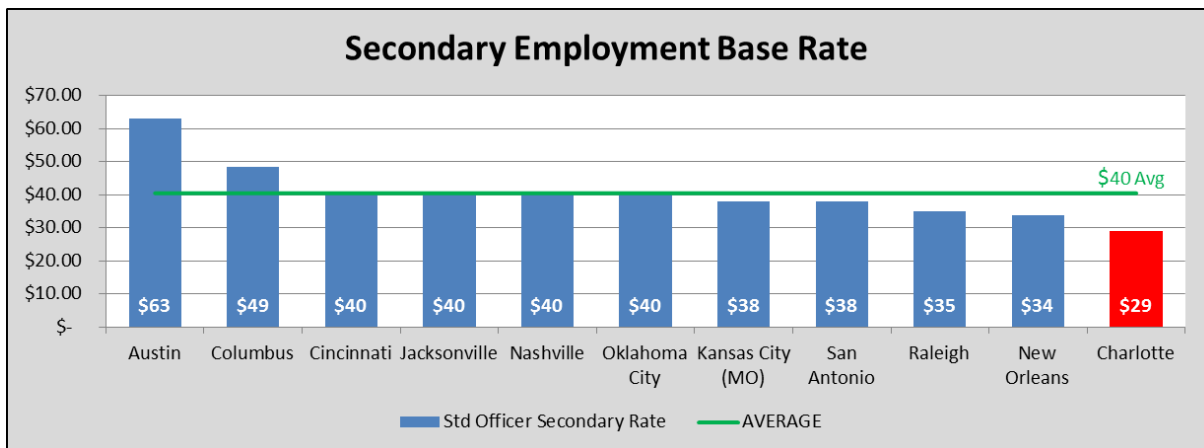
The chart below is a breakdown of the number of secondary employment hours worked by officers in four age groups. The data shows that officers under the age of 30 are working the lowest number of hours.

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

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

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

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



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

For additional information on peer cities, see the appendix.

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

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

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

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

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

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

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

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

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

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

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

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

A. **Oversight and staffing**

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

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

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

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

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

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

B. Exceeding departmental limits

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

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

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

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

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

C. Applications

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

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

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

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

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

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

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

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

D. Software limitations

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

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

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

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

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

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

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

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

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

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

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

Police Secondary Employment FY16 - Appendix

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

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

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

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

⁴Census.gov 2015 estimates

