
CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



Follow-Up Audit of San Antonio Police Department

Off-Duty Employment Program

Project No. AU16-F04

June 29, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the recommendations made in the San Antonio Police Department (SAPD) Off Duty Employment Program dated March 12, 2015. The objective for this follow-up audit is:

Determine if prior audit recommendations have been successfully implemented and working as intended.

We determined that SAPD has successfully implemented the majority of the action plans resulting from the prior audit recommendations.

There were seven prior recommendations made to SAPD. Six action plans have been fully implemented. SAPD established controls to ensure billing, recording, and collection of revenue is accurate. SAPD also developed an equitable process for scheduling off-duty assignments. In addition, SAPD implemented controls to ensure the security and protection of customer credit card information. SAPD also established procedures to ensure relevant event documentation is maintained. In addition, SAPD is in compliance with City cash handling requirements. Finally, SAPD updated their Standard Operating Procedures (SOPs) to reflect the current operations of the department.

However, SAPD has partially implemented one action plan to address the operating loss of administering the Off-Duty Employment Program. SAPD has not fully replaced sworn officers performing administrative tasks with civilian personnel. As a result the City incurred a loss in FY15 and FY16 of approximately \$933,000 and \$1,107,000 respectively.

SAPD Management agreed with the audit finding and has developed a positive action plan to address it. Management's verbatim response is in Appendix B on page 8.

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Background

In March of 2015 the Office of the City Auditor completed an audit of the SAPD Off-Duty Employment Program. The objective of the audit was as follows:

Are key internal controls over the SAPD Off-Duty Employment Program adequate to ensure compliance with department policy and the Collective Bargaining Agreement (CBA)?

The Office of the City Auditor concluded that SAPD Off-Duty Employment Program did not have adequate internal controls to ensure compliance with department policy and the CBA. We determined billing and collection of revenue was processed untimely and recorded inaccurately. We identified a lack of controls related to the scheduling of officers, protection of credit card information and compliance with cash handling policies. We also identified a lack of event support documentation and outdated written procedures.

In addition, we determined the City is not recovering the cost to administer the Off-Duty Employment program. The City incurred a loss of \$872,000 administering the Off-Duty Employment Program in FY2014.

SAPD management agreed with the conclusions and developed action plans to address the audit recommendations.

Audit Scope and Methodology

The audit scope was limited to the recommendations and corrective action plans made in the original report for the time frame from FY 2014 to FY 2016.

We interviewed SAPD Off-Duty management and staff to gain an understanding of the current Off-Duty Employment Program processes. We reviewed the functional and operational changes implemented by SAPD to determine the impact to the operating loss incurred by the City. We tested billings and their subsequent payments to determine if they were complete, accurate, and timely. In addition, we examined the measures SAPD utilizes to monitor aging receivables for reasonableness.

We reviewed the current process for the scheduling off-duty events to determine if officers were given equal opportunity to participate. We tested event folders to determine if required support documentation was maintained. We reviewed their cash handling procedures to determine compliance with City requirements. We reviewed Standard Operating Procedures to ensure they were updated and reflect the current operations of the department. Testing criteria included Administrative Directive 8.1 and SAPD Off-Duty internal Standard Operating Procedures.

We relied on computer-processed data in SAP to validate the billing and collections of revenue for off-duty events and National Security Agency (NSA). Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included verifying the billing and collections for off-duty events and NSA as well as determining the operational costs for administering the Off-Duty Employment Program. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this follow-up 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.

Prior Audit Recommendations and Status

A. Operating Loss for SAPD Off-Duty Detail

Prior Recommendations:

The Chief of Police should conduct a review to identify efficiencies to reduce the cost of administering the program. The Chief should consider converting the support staff to civilian employees. Allocating operating cost to the respective departments and updating the administrative fee to reflect the cost of administering the program.

Status: Partially Implemented

SAPD Off-Duty has added civilian personnel and made functional changes to the department in an effort to improve the effectiveness and efficiency of administering the program. However, a grievance was filed by the San Antonio Police Officers Association, which has affected the timing of converting sworn officers performing administrative tasks with civilian personnel. The following table illustrates staffing levels from FY14 to FY16.

SAPD Off-Duty Staffing Levels			
Off Duty Employees	FY 2014	FY 2015	FY 2016
Sworn Officers	8	7	6
Civilians	1	1	4
Total Employees	9	8	10

As a result, the City's loss for administering the program has increased. In FY15 & 16, the City incurred a loss of approximately \$933,000 and \$1,107,000 respectively. The table below illustrates the loss incurred from FY14 to FY16.

Program Administrative Revenues and Expenditures			
	FY 2014	FY 2015	FY 2016
Revenues			
NSA Revenue	61,379.28	43,891.38	30,169.12
Event Revenue	57,586.43	72,708.37	60,379.08
Total Revenues	118,965.71	116,599.75	90,548.20
Expenditures			
Personnel	947,999.56	997,624.71	1,130,244.25
Non - Personnel	43,272.88	51,627.69	67,693.72
Total Expenditures	991,272.44	1,049,252.40	1,197,937.97
Net Income (Loss)	(872,306.73)	(932,652.65)	(1,107,389.77)

Recommendations

The Chief of Police should continue to explore opportunities to reduce the operating costs of administering the department and continue the process of converting support staff to civilian personnel.

B. Ineffective Billing and Collection Controls

Prior Recommendations:

The Chief of Police should implement effective controls to ensure billing, recording, and collection within the revenue cycle are accurate. Furthermore establish controls for monitoring account receivable aging reports to ensure timely collection.

Status: Implemented

SAPD implemented controls to ensure accurate billing, recording and collection of revenue for off-duty events. We tested 10 events for approximately \$36,000 from the fourth quarter of FY16 and determined all events were billed timely and recorded accurately. In addition, we reviewed the process for monitoring and the collection of outstanding payments and determined the process to be reasonable.

SAPD collected all outstanding NSA balances identified in the prior audit. In addition, SAPD implemented controls to ensure timely billing and collection of NSA receivables. The audit team tested the \$757,238.95 in fees for NSA services in FY16 and determined all had been submitted accurately and timely.

Recommendations

None

C. Lack of Controls for Scheduling Off-Duty Assignments

Prior Recommendations:

The Chief of Police should revise the current process for scheduling off-duty assignments to ensure Officers are given equal opportunity to participate in the Off-Duty Employment Program.

In addition, work with ITSD to ensure availability report in SAP currently used for scheduling off-duty assignments is accurate.

Status: Implemented

SAPD revised the process for the scheduling of officers. SAPD implemented a notification process which makes all SAPD Officers aware of future events. We reviewed the scheduling of off-duty assignments and determined that officers are given equal opportunity to participate in the Off-duty Employment Program.

Recommendations

None

D. Lack of Controls for Protection of Credit Card Information

Prior Recommendations:

The Chief of Police should develop and implement procedures and internal controls to ensure client credit card information is secured. In addition, consider automating credit card payment processing to avoid the need to physically record cardholder data.

Status: Implemented

SAPD implemented procedures and internal controls to help ensure the protection and security of customer credit card information. Additionally, SAPD installed a credit card reader to automate customer credit card payment processing. In addition, the credit card reader is compliant with the City's Payment Card Industry (PCI) requirements.

Recommendations

None

E. Non-compliance to Cash Handling Procedures

Prior Recommendation:

The Chief of Police should develop and implement procedures and establish controls to comply with Administrative Directive 8.1 Cash Handling.

Status: Implemented

SAPD implemented procedures and internal controls to ensure compliance with Cash Handling Administrative Directive 8.1. We reviewed the cash collection process and determined proper segregation of duties exists and deposits are made in a timely manner. Additionally, personnel with cash handling responsibilities have attended required cash handling training.

Recommendations

None

F. Lack of Support Documentation

Prior Recommendation:

The Chief of Police should implement effective procedures to ensure event documentation support is complete, accurate and maintained.

Status: Implemented

SAPD implemented procedures and internal controls to help ensure required documentation associated with events are maintained in event folders. We reviewed 10 event folders over a 3 month period in FY2016 and determined that all relevant and required documentation was maintained.

Recommendations

None

G. Outdated Policies and Procedures

Prior Recommendations:

The Chief of Police should ensure the SOPs are reviewed and formally updated annually and in compliance with current policy and SAPD Off-Duty operations. In addition, ensure SOPs are updated as new processes are implemented.

Status: Implemented

SAPD reviewed and formally updated their SOPs to reflect the current operations of the department. The audit team reviewed the current SOPs and determined them to be reasonable and relevant to the operations of the department.

Recommendations

None

Appendix A – Staff Acknowledgement

Buddy Vargas, CFE, Audit Manager
Lawrence Garza, CFE, Auditor in Charge
Cecilia Gonzalez, Auditor
Doug Francis, Auditor

Appendix B – Management Response



CITY OF SAN ANTONIO

P.O. Box 839966
SAN ANTONIO TEXAS 78283-3966

January 19, 2017

Kevin W. Barthold, CPA, CIA, CISA
City Auditor
San Antonio, Texas

RE: Management's Corrective Action Plan for the Follow-Up Audit of San Antonio Police Department Off-Duty Employment Program.

San Antonio Police Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
A	Operating Loss for SAPD Off-Duty Detail The Chief of Police should continue to explore opportunities to reduce the operating costs of administering the department and continue the process of converting support staff to civilian personnel.	3	Accept	Lt. Jason Engquist	May 1, 2017

Recommendation					
#	Description	Audit Report Page	Accept, Decline	Responsible Person's Name/Title	Completion Date
	<p>Action plan:</p> <p>The Department added 7 civilian positions in order to remove officers from administrative, non-public safety duties. The SAPOA filed a grievance alleging the City had to continue using uniformed members to administer the off-duty functions. The Department strongly believes the City has the authority, under the collective bargaining agreement, to have one uniformed supervisor and one uniformed officer assigned to the unit and has notified the union of our intent to proceed in accordance with the CBA. These two officers will focus on the public safety nature of the office and the 7 administrative positions will be responsible for the duties recommended by the City Auditor's Office. All 7 positions are already filled.</p>				

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

Sincerely,


 William McManus
 Chief of Police
 San Antonio Police Department

3-24-17
 Date


 Erik Walsh
 Deputy City Manager
 City Manager's Office

3/30/17
 Date