

March 27, 2019

To: Mayor and Members of City Council

From: Patrick A. Duhaney, City Manager

Subject: FY 2018 Single Audit Report, Comprehensive Annual Financial Report (CAFR),
Auditor's Management Letter, and Auditor's Management Letter with Responses

The Ohio Auditor of State has issued an unmodified opinion regarding the financial statements that they “present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cincinnati, Hamilton County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States”.

The Auditor's Management Letter includes comments for your consideration regarding the City's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. These comments represent matters for which the auditors believe improvements in compliance or internal controls or operational efficiencies might be achieved. The Finance Department has coordinated with the impacted departments to provide responses to the Management Letter comments.

Transmitted are the 2018 financial audit reports, including the Single Audit Report, Comprehensive Annual Financial Report, the Auditor's Management Letter and the Auditor's Management Letter with responses from City departments.

c: Reginald Zeno, Finance Director

Attachments

Auditor's Management Letter with Responses

Noncompliance

115 Trust Fund Policy

The **Collaborative Settlement Agreement Operative Settlement Terms Section Paragraph 25** states that "Healthcare Funding Obligation: The City shall develop and present a proper funding policy for the 115 Trust Fund no later than 30 days prior to the Fairness Hearing. The funding policy will satisfy all consent decree requirements including but not limited to the City's obligation to fully fund the 115 Trust at actuarially appropriate levels for the term of this Agreement."

The City has not presented a proper funding policy for the 115 Trust Fund which fully funds the 115 Trust at actuarially appropriate levels for the term of the Agreement.

Failure to present and implement a funding policy as required could lead to the City's accumulating an unfunded liability for the 115 Trust and/or could lead to possible litigation for the City not being able to meet healthcare requirements per the Agreement.

We recommend the City develop a proper funding policy for the 115 Trust Fund and fund it at actuarially appropriate levels sufficient to provide benefits for the term and as required by the Collaborative Settlement Agreement.

Retirement Department response:

In accordance with the relevant terms of the CSA, the City presented a 115-funding policy to the parties. It continues to negotiate with the parties under Court supervision regarding the terms of the proposed policy. The Court continues to actively work with the parties to obtain resolution, and reserves the right, pursuant to the CSA and accompanying Consent Decree, to impose a funding policy at the request of the parties or upon a formal finding of impasse.

Recommendations

1. IT Operations – Disaster Recovery

In order to ensure minimal disruption to the services it provides, the City should maintain a disaster recovery plan that identifies procedures to perform which facilitate the City's continued processing of information in the event of a disaster.

The City did not have a formal disaster recovery plan documenting processes/procedures to follow in the event of a disaster.

Without an adequately documented disaster recovery plan with contingency arrangements for alternate processing, the City may experience considerable and untimely delay in restoring its data processing functions following a disaster.

The City should develop a formal disaster recovery plan. Upon its completion the plan should be tested and updated periodically to ensure its applicability to the City's data processing function.

The plan should include, but is not limited to the following:

- assessment of mission critical systems/prioritization of software applications
- team member contact information
- team member responsibilities
- vendor contact information
- evaluation of damages/planned contingency measures
- hot site designation
- hardware profile needs
- data backup and restore procedures

ETS Department Response:

Using CIP funds from FY19, the City has begun a project to implement a hot-site datacenter in Columbus Ohio at the State of Ohio Computer Center, for disaster recovery for systems located at the City's Centennial Two datacenter. The hot-site is tentatively scheduled to be online by 6/30/2019. A formal Disaster Recovery plan with key system, personnel, vendor contacts, and backup and recovery procedures will then be developed and implemented for the departments housed in the Centennial Two datacenter. Departments not included in this Disaster Recovery plan are: ECC, CLEAR, CAGIS, Fire, MSD, GCWW, and Parks as they maintain their own datacenters.

2. Active Directory Password Parameters

System level users should be granted access to the accounts and functions they require to perform their job. To help ensure this, passwords are used to authenticate the identity of the user attempting to gain access to the system. To prevent the integrity of these passwords from being compromised, passwords should be changed periodically and have a minimum length required.

The Active Directory passwords for the City are not set to industry standards.

These weaknesses increase the possibility that passwords could be compromised, and attempts could be made to gain unauthorized access to the system.

System level passwords should be changed periodically, as ninety days is the suggested standard. The minimum length of a password should be at least six characters. All users should be assigned a password.

In addition, passwords should be chosen so that they are not easily associated with the user to which they were assigned. City management should routinely review system accounts to assess the reasonableness and need for these accounts.

Authorized access control options (e.g., password change intervals, disabling accounts, authorized privileges, etc.) should be reviewed and assigned on an as-needed basis only.

ETS Department Response:

ETS is taking steps to implement IT best practices for Active Directory passwords. User passwords are set to expire every ninety days, require a minimum of eight characters, require password complexity, and prevent the five previously used passwords from being reused. ETS will take an additional step, using the City's Identity Management Software Quest Active Roles Server, to

implement a control that will disallow the "Password Never Expires" feature to be set on City Users Accounts by 6/30/2019.

3. IT Security – UNIX Passwords

System level users should be granted access to the accounts and functions they require to perform their job. To help ensure this, passwords are used to authenticate the identity of the user attempting to gain access to the system. To prevent the integrity of these passwords from being compromised, passwords should be changed periodically and have a minimum length required.

The Unix passwords for the Financial, Payroll and Tax applications are not set to industry standards. These weaknesses increase the possibility that these passwords could be compromised, and attempts could be made to gain unauthorized access to the system.

System level passwords should be changed periodically, as ninety days is the suggested standard. The minimum length of a password should be at least six characters.

In addition, passwords should be chosen so that they are not easily associated with the user to which they were assigned. City management should routinely review system accounts to assess the reasonableness and need for these accounts.

Authorized access control options (e.g., password change intervals, disabling accounts, authorized privileges, etc.) should be reviewed and assigned on an as-needed basis only.

ETS Department Response:

The city's Information Security Policy was recently updated. As a result, ETS will immediately begin the process to increase the minimum password length and password expiration time period on the noted systems to address the audit recommendations, and to be compliant with the city's new security policy. Processes are in place to review all approved users that have completed access request forms for the systems, and to insure they are reviewed by management on a re-occurring basis.

4. Collaborative Settlement Agreement – Collection of Class Counsel Fees

The Collaborative Settlement Agreement (CSA) Operative Settlement Terms Section Paragraph 34 states in part any class counsel fees associated with representation of the Current Employees Class will be ultimately paid back to the Cincinnati Retirement System (CRS) Fund by members of that class from their pension benefits over time in a fair manner consistent with the terms of the Class Notice."

In October 2015 CRS assets were used to pay fees in the amount of \$4.6 million to the attorneys representing the Current Employee Class. The Board and CRS staff are unaware of any progress by the various City and plaintiff attorneys to finalize a collection approach. There are currently 530 Current Employee Class members who are retired, and according to the CSA, are eligible to have a portion of their pension benefit withheld to offset the attorney fees paid by CRS on their behalf.

Failure to collect the attorney fees is resulting in less funding for plan assets. We recommend the City finalize an agreement with the Current Employees Class as per the CSA to recoup attorney fees paid on behalf of the Current Employees Class.

Retirement Department response:

In accordance with the relevant terms of the CSA, the City presented an attorneys' fees collection proposal and schedule to the parties. It continues to negotiate with the parties under Court supervision regarding the terms of such proposal and schedule. The Court continues to actively work with the parties to obtain a negotiated resolution, and reserves the right, pursuant to the CSA and accompanying Consent Decree, to impose a collection policy at the request of the parties or upon a formal finding of impasse.

5. Park Board Trust Fund Endowment Expenditures

The City maintains four endowment funds to account for bequests left to the Park Board for specific purposes. The Park Board should ensure that purchases made from endowment funds are consistent with the purpose of the endowment.

The Park Board made certain expenditures from the endowment funds that were not related to the purpose of the bequest. The following trust had expenditures which were in conflict with the purpose of the endowment:

- Meyer Trust, this trust is for park beautification however \$5,000 was paid to KGL Media Group for \$5,000 for advertising.
- Miles Edward Trust, this trust is for park beautification however \$6,000 was paid to the Hamm Consulting Group for consulting services.

Expenditures not related to the endowment funds should be made from City's general fund or special revenue funds restricted for Park activity. An adjustment of \$11,000 is required from the General Fund or special revenue funds restricted for Park activity to return \$5,000 to the Meyer Trust Fund and \$6,000 to the Miles Edward Trust Fund.

Failure to properly document the purpose of each expenditure and ensure that the expenditure is in accordance with the related bequest could result in Park Board spending bequests for other than their intended purpose.

We recommend the Park Board establish policies and procedures related to credit card purchases, travel/meal reimbursement and required documentation, timely payment of credit cards, and the use of gift cards (including the reporting of gift cards to Park Board staff as taxable income). We recommend that the Park Board document the purpose of each endowment expenditure and ensure each endowment expenditure is in accordance with the bequest.

Park Board response:

With the turnover of Finance Staff and Park Board members we are confident the two issues related to #5 will be resolved as further governance and clarity has been provided on appropriate endowment expenditures. The Park Board will review the recommendation and trust language as it pertains to the appropriate fund for two expenditures totaling \$11,000 to ensure the appropriateness of any expenditures.

6. Park Board Crowe Horwath Findings

The City of Cincinnati initiated a contract with the accounting firm of Crowe Horwath LLP wherein the firm would provide financial analysis and advisory services relative to the Park Board, Parks Department and Parks Foundation. Crowe Horwath issued a July 26, 2016 report that included the following recommendations: the Park Board obtain a Memorandum of Understanding between the Board, City and Foundation; the Park Board prepare a comprehensive budget of all sources of anticipated revenues and expenditures; and the Park Board utilize a double entry accounting system to track its activities and balances.

During the 2018 fiscal year:

- The Park Board did not maintain a comprehensive budget of all sources of anticipated revenues and expenditures. The Park Board prepared, approved, and monitored a budget for the Park Board and the City of Cincinnati prepared a separate budget for certain Park activity accounted for in the City funds.
- The Park Board did not utilize a double entry accounting system to track its activities and balances.

Failure to prepare a combined budget leaves the Park Board and City of Cincinnati without a complete picture of Cincinnati Park activity and could result in inefficiencies, increased costs, and lack of proper monitoring by the Park Board and Cincinnati City Council. Failure to use a double entry accounting system increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

We recommend the Park Board, Parks Department and Parks Foundation review and implement the recommendations in the July 26, 2016 Crowe Horwath report.

Park Board response:

All elements of item #6 have been implemented and resolved, as:

- **The Park Board now maintains a comprehensive budget of all sources of anticipated revenues and expenditures. The Park Board prepared, approved, and monitored a budget for the Park Board and the City of Cincinnati prepared a separate budget for certain Park activity accounted for in the City funds**
- **The Park Board utilizes a double entry accounting system to track its activities and balances, as it's all a part of the City's budget and finance procedures that have been adopted by Parks.**

7. Lack of SOC 1 Report and Security Review

Entities opt to use outside service organizations to process transactions as part of the entity's information system. Service organizations provide services ranging from performing a specific task under the direction of an entity to replacing entire business units or functions of the entity. When the operating activity is not directly administered by the entity, such as when utilizing a service organization, it is critical that appropriate monitoring controls are designed and implemented to reasonably ensure the service organization has adequate controls to achieve management's goals and objectives and complies with applicable laws and regulations. SOC-1 audits are performed over these service organizations to provide information about their internal controls and the operating effectiveness of the controls to management and to auditors who rely on the SOC-1 report results for the audit of the entity's financial statements and IT systems.

The City Retirement System contracted with Levi, Ray, and Shoup (LRS) for a software hosting agreement including hosting, backup, technical assistance, system enhancement, and system updates of the Pension Gold application. The Retirement System also relied on the service organization's backup procedures and disaster recovery plan. LRS did have a SOC-2, Type 1, however, a SOC-1 audit or internal security review was not completed for the Pension Gold applications that would provide the Retirement System with information about the operating effectiveness of the internal control over data processed at the service organization.

Without a SOC-1 audit, the Retirement System may not have sufficient information to reasonably ensure controls are in place to ensure the integrity of the data processed, maintained, and reported by the LRS software applications.

Future request for proposals and/or vendor contracts should include provisions for a SOC- 1 audit. The Retirement System should also take measures to ensure that the SOC-1 audit is completed for the LRS applications to provide the Retirement System and its auditors with a description of the system, internal controls, operating effectiveness of the controls, and an opinion of the overall processing environment.

Retirement Department response:

CRS contracts with the firm LRS to provide and support the software application, PensionGold, which is used by CRS staff to process pension benefits. The provision of software applications and data hosting are associated with SOC 2 reports which focus on controls related to data security, availability, processing integrity, confidentiality, and privacy. Whereas SOC 1 focuses on service organizations that perform, for example, third party administrative services, and the controls affecting those services that have an immediate or downstream effect on an entity's financial statements. The data that affects the City's financial statements are not processed by LRS but instead are compiled by CRS with the assistance of the Finance Department, using reports and schedules generated in PensionGold by CRS staff, ledgers maintained by CRS, journal entries, and other supporting documents maintained by CRS. The operational and financial activities of CRS are audited each year by the State. For these reasons, LRS and its independent auditor have pursued and completed a SOC 2 report and maintain the position that they are not subject to the SOC 1 report.

8. City Retirement – Disaster Recovery

In order to ensure minimal disruption to the services it provides, the Retirement System should maintain a disaster recovery plan that identifies procedures to perform which permit the Retirement System to continue processing information in the event of a disaster.

The Retirement System did not have a documented disaster recovery plan, and instead relied solely on its hosting agreement with its third-party software vendor pertaining to disaster recovery planning. A SOC-1 audit or internal security review was not completed for the Pension Gold software applications that would provide the Retirement System with information about the effectiveness of the internal control over data processed at the service organization, including measures for disaster recovery, including periodic testing of backups.

Without an adequately documented disaster recovery plan with contingency arrangements for an alternate processing site, the Retirement System may experience considerable and untimely delay in restoring its data processing function following a real disaster.

The Retirement System should document a disaster recovery plan. Upon its completion the plan should be tested as possible and updated periodically to ensure its applicability to the Retirement System's data processing function.

Retirement Department response:

There are numerous partners and systems utilized by CRS to administer and process retirement benefits and services. These include LRS, the City's Treasury Division, and ETS. As discussed in Item 7, the PensionGold software, utilized by CRS staff to administer and process benefits, is supported by the firm LRS which has received a SOC 2 report confirming the security and availability of the data. PensionGold is accessed through an online portal over the internet, and the data is maintained in real time on mirrored servers in different regions of the country. In the event of a disaster affecting the City, staff would be able to process benefits using the PensionGold software from remote locations with internet access, including their homes. It is our understanding that ETS plans to establish an offsite location for the City's processing needs in the event of a disaster. Beyond accessing the data, CRS follows procedures for backing up data on a weekly basis and storing the backups on offsite servers as arranged by ETS. In addition to keeping redundant

copies on external hard drives. CRS relies on the Treasury Division to process checks and advices for pensioners, and to authorize the movement of money to 5/3 Bank to fund the monthly pension payments. Though CRS has developed its own disaster recovery plan, we are unable to control other needed aspects of a comprehensive disaster recovery plan due to the involvement of other departments at this time. CRS agrees with the recommendation to develop a written disaster recovery plan in conjunction with the Treasury Division and ETS.

9. Employee Separation

Proper computer security requires that user accounts be disabled or removed from the system upon employee separation.

Departments were responsible for notifying the Enterprise Technology Solutions (ETS) staff upon employee separation as the City did not have an automated process for identifying separated staff. ETS utilized a termination checklist for removing access rights to systems and applications. The form was required by ETS, while other departments are encouraged to use the termination checklist. Upon employee separation, ETS reviewed application software and network access rights to identify access assigned to the former employee for necessary removal of rights.

Four ETS staff separated employment. For two of the four forms, most parts of the checklist were not completed or signed off, as required.

As ETS was required to manually review access rights of separated ETS staff and ETS staff inherently have higher access rights, documented review and termination of access rights for ETS separated staff is crucial. Because the City employs 6,500 employees, some of which are part-time, without an automated procedure, it is possible the ETS department will not be notified in a timely manner regarding an employee separation.

The City should devise an automated procedure for notifying ETS upon employment separation to help ensure access privileges of those no longer with the City are immediately removed or disabled from the system. Until an automated process is implemented, ETS management should review and sign-off on the completed termination checklist to help ensure it is completed.

The City should document a review of access rights for all separated staff to help reduce the likelihood of unauthorized access. In addition, management should periodically review user accounts and their privileges to help ensure access rights are consistent with assigned job responsibilities.

Human Resources Department Response:

The HR Department is committed to providing operational support to ensure the integrity of the City's technical systems. Since an employee who terminates City employment is not always immediately terminated in CHRIS, it is incumbent upon the departments to notify the various agencies to have access terminated for an employee.

To facilitate compliance and ensure that access is removed in a timely manner, the HR Department has developed an OffBoarding SOP that sets forth the steps that should be taken when an employee leaves City service or is transferred to another department. This includes utilization of the OffBoarding checklist.

To aid departments with this task, HR will provide the departments with monthly updates on the employees who have access to the various systems. These include, CHRIS, BoardDocs, and NEOGOV. The HR Department will also provide the relevant agencies with a listing of terminated employee each pay period.

At least once a year, the HR Department will conduct an audit of all user accounts to ensure that the employees are still active.

The HR Department will also explore the possibility of adding the process of terminating access as a part of the OffBoarding process to its Service Now system. This would provide the departments with one place to request termination for all the systems.

10. Cincinnati Retirement System Benefit Payments

The Cincinnati Retirement System (CRS) was established by Cincinnati Municipal Code Chapter 203 as a defined benefit plan and provides for retirement benefits, including survivor benefits, based on age, years of service and wages. The system has been continuously maintained since its establishment and has been modified from time to time in order to define and modify, as appropriate, benefits provided to its Members. The system is overseen by a Board of Trustees, which operates under the provisions of Article XV of the Adm. Code of the City.

Per Section 203.49 (Survivor Benefits), if a Member is survived by a spouse and a Retiree's natural or adopted child or children including natural children of a Member conceived prior to the Member's death, there shall be paid during the life of the surviving spouse to the surviving spouse or to the guardian of such child or children in the event such child or children are not in the custody of the surviving spouse for as long as only one child meets the eligibility requirements.

In fiscal year 2018, the CRS made benefit payments in the amount of \$2,832 to a member's surviving spouse and child however the child did not meet eligibility requirements. Because the child's social security number was not maintained by the CRS pension gold system, the CRS was unaware that the child did not meet eligibility requirements. Failure to have accurate identifying information in the system resulted in the CRS making payment amounts based on inaccurate information and an overpayment of \$2,832. The total overpayment to the surviving spouse was \$23,049 from May 2012 to March 2018. We recommend the CRS maintain identifying information for all members, surviving spouses and eligible children.

Retirement Department response:

The payment error occurred because of the nature of the survivor benefit payment being issued. The payment amount was based on a surviving widow and an adult disabled dependent child at the time of the member's death in 1976. This was paid to the surviving widow for the benefit of both. Since the adult disabled dependent child was never on healthcare coverage through the Retirement System, no Social Security number was ever obtained for her or added into her personal record in the computer system. The surviving widow was placed in a long-term care facility in 2011 and had a number of legal guardians who did not have responsibility for the adult disabled dependent child. There was no communication with CRS from the widow's legal guardian from 2011 forward nor were there any communications from the adult disabled dependent child's legal guardian. The adult disabled dependent child died in 2012. As there was not a Social Security Number on her record, her death was not reported via the CRS standard monthly death check report. In an effort to ensure this does not happen again, we reviewed our system for any and all individuals who are associated with a benefit payment to ensure that we have a Social Security Number and Date of Birth on their personal records so that we will be notified of their death through our standard monthly death check process. The City Solicitor's Office advised that collection of the overpayment to the widow was not possible due to her Medicaid status.

11. Application Level Access – Payroll

Proper computer security requires user accounts to be valid and access commensurate with their job responsibilities. A comparison of the City staff roster to the payroll roster identified accounts that no longer needed access to the system. This weakness increases the possibility the system could be compromised, and attempts be made to gain unauthorized access to the system. The City should perform user confirmations at least annually requiring departments to confirm the user and their access and informing ETS of users who do not need access to the system.

ETS Department Response:

The City conducted an audit of users with access to the payroll system. A citywide review of employees was performed and those whose job function had changed had their permissions revoked. In addition, the City revamped the process for requesting, approving, and granting access to the payroll system in order to ensure only those who have a functional need are given access. Semi-annual audits will be performed to identify any employee who has terminated or transferred so that their payroll system access can be removed or adjusted to align with their new job responsibilities.

Human Resources Department Response:

At least once a year, the HR Department will conduct an audit of all user accounts to ensure that the employees are still active.

The HR Department will also explore the possibility of adding the process of terminating access as a part of the OffBoarding process to its Service Now system. This would provide the departments with one place to request termination for all of the systems.

12. Expenditure Posting

The City inaccurately posted \$12,075 of General Fund expenditures to the Stormwater Management Fund. Therefore, expenses in Stormwater Management are overstated and General Fund expenditures are understated. Failure to properly post expenditures may result in inaccurate financial records. An adjustment of \$12,075 is required to return the funds to the Stormwater Management from the General Fund City Planning Department. We recommend the City use due care when recording transactions associated with multiple departments or funds.

Finance Department Response:

The inaccurate posting was identified as part the Auditor of State's audit of the Metropolitan Sewer District. The documentation substantiating the need for the funds to be returned to the Stormwater Management Fund were provided to the City in January 2019. On January 16, 2019 the General Fund reimbursed the Stormwater Management Fund for the full amount of \$12,075.

13. Police earned overtime on the same day vacation or comp time leave was taken / No limit on comp time accrual

In response to a March 2016 City of Cincinnati Internal Audit Report, the Police Department was directed to conduct semi-annual audits of overtime and related policies, including the Department's policy on comp time accrual. On February 15, 2018, a Cincinnati Police lieutenant colonel presented to the Police Chief the results of a semi-annual audit covering pay periods 1 through 26 of 2017.

We reviewed overtime and leave records of the 25 officers who were the subject from the February 2018 overtime semi-annual audit report and identified 20 officers that incurred overtime on the same day they also used vacation or comp time. The amounts of overtime earned annually for these 20 officers ranged from \$155 to \$13,460, with the average annual amount earned being \$2,506. The number of days that overtime was earned on the same day vacation or comp time was also used ranged from 1 to 60, with the average number of days being 11.85.

Police Personnel	# of Vacation Days or Comp Time was taken and Overtime was earned	Overtime earned on same day leave taken
Captain Bridget Bardua	28	\$ 5,284.65
Captain David Fink	2	\$ 261.62
Captain Aaron Jones	6	\$ 575.56
Captain Lisa Davis	1	\$ 156.97
Captain James Gramke	1	\$ 183.13
Captain Michael Neville	2	\$ 549.39
Lieutenant Mark Burns	5	\$ 834.47
Lieutenant Andrew Mitchell	2	\$ 793.08
Lieutenant Joseph Borger	1	\$ 225.53
Lieutenant Brian Norris	6	\$ 1,150.21
Sergeant Jason Volkerding	60	\$ 13,459.95
Sergeant Jason Scott	11	\$ 2,566.39
Sergeant Ronald Hale	26	\$ 4,044.01
Sergeant Timothy Lanter	9	\$ 2,585.83
Sergeant Colin Vaughn	18	\$ 4,987.63
Sergeant Brian Meyer	24	\$ 5,852.15
Sergeant Joshua Bricker	18	\$ 5,215.25
Officer Brian Wheeler	3	\$ 233.08
Officer Daniel R. Ogilvie	1	\$ 155.39
Officer Nicholas Hageman	9	\$ 1,010.03
Total	233	\$ 50,124.32

The City lacked clear policies related to earning overtime on the same day that vacation or comp time leave was taken. While there are legitimate reasons for officers being called to duty on the same day they have already taken leave, the City had no policy to provide clear guidance on the approval and documentation of the reason for the overtime required. The lack of policy increases the risk that officers could manipulate their schedules to obtain payment for overtime that is not required.

We also noted that the City had no policy regarding how much comp time an officer can accrue before either using the comp time or receiving a payout at the current wage for the accrued comp time. We identified 21 officers in a sample of 25 that had accrued comp time ranging in hours from 2 to 677 hours and in value from \$90 to \$26,325. The average accrued comp time of the 20 officers was 143 hours and \$6,483 in value. Lack of policies regarding the accumulation of comp time could result in a significant liability and related payout when officers retire and receive payouts for large comp time balances at their current wage at retirement.

We recommend that the City establish policies to provide guidance on approval and documentation of the reason overtime is incurred on the same day that vacation or comp time leave is also taken. We also recommend that the City establish policies to establish limits on the amount of comp time that individuals can accumulate and be paid upon separation at their current wage at retirement.

Police Department Response:

Overtime expense on the same day as vacation/comp time is taken:

The use of vacation and/or comp time in order to work city-paid overtime during the time period the officer is using the vacation and/or comp time is expressly forbidden in a revision Procedure 12.825, Compensatory Time and Paid Overtime which took effect on February 28, 2019. Policy (in part):

Officers are not permitted to take off their regularly scheduled duty hours to work Police Visibility Overtime (PVO) unless authorized by the district/section commander.

A frequent example of an instance where an officer would be paid overtime the same day vacation or comp time is used is when an officer working a regularly scheduled work day of 0600-1600 hours and PVO from 1700-2100 hours. The officer is permitted to use comp time at any point during their normal work day and still receive an overtime payment for the PVO hours worked.

Cap on compensatory time accrual:

The labor agreement between CPD and Fraternal Order of Police Lodge #69 (FOP) along with the Fair Labor Standards Act (FLSA) dictate the guidelines for the amount of comp time a Department member may accumulate. FLSA non-exempt employees (Police officers and Specialists) are capped after accumulating 480 FLSA compensatory hours. This does not include the 120-hour annual holiday allowance. When the 480-hour cap is reached, all additional overtime, including compensatory time, is compensated by cash payment. The 480-hour cap is revolving. It does not end except when employment is terminated.

Vacation time maximum accrual is capped according to the current CPD/FOP labor agreement. The current maximum accrual of vacation time is as follows for employees hired after 7/1/1997:

Length of Service:	Maximum Accrued Hours:
Less than 4 years	178
4 – 9 years	230
9-14 years	262
14-19 years	308
Over 19 years	394

14. Accuracy of Police Department Semi-Annual Audit Report

In response to a March 2016 City of Cincinnati Internal Audit Report, the Police Department was directed to conduct semi-annual audits of overtime and related policies. On February 15, 2018, a Cincinnati Police Lieutenant Colonel presented to the Police Chief the results of a semi-annual audit which covered pay periods 1-26 of 2017. We identified inaccuracies between the amounts reported in the semi-audit and the City's actual payroll report for 22 of the 25 officers reported. Amounts paid for overtime were overstated in the semi-annual audit by 6.4% and hours of overtime were overstated by 7.1% as follows:

Police Personnel	Total Overtime paid per Semi-Annual Audit Report	Total Overtime paid per People Soft (City) Pay Reports	Variance
Captain Bridget Bardua	\$ 82,723.13	\$ 72,606.42	\$ 10,116.71
Captain David Fink	\$ 63,278.48	\$ 51,054.45	\$ 12,224.03
Captain Aaron Jones	\$ 60,900.39	\$ 59,750.58	\$ 1,149.81
Captain Lisa Davis	\$ 44,736.42	\$ 46,384.60	\$ (1,648.18)
Captain James Gramke	\$ 38,006.83	\$ 25,927.50	\$ 12,079.33
Captain Michael Neville	\$ 36,338.53	\$ 32,673.28	\$ 3,665.25
Captain Martin Mack	\$ 32,338.53	\$ 28,313.44	\$ 4,025.09
Lieutenant David Johnston	\$ 40,656.55	\$ 40,487.40	\$ 169.15
Lieutenant Mark Burns	\$ 34,702.52	\$ 34,634.86	\$ 67.66
Lieutenant Christine Briede	\$ 31,393.98	\$ 24,188.25	\$ 7,205.73
Lieutenant Andrew Mitchell	\$ 28,163.24	\$ 25,114.34	\$ 3,048.90
Lieutenant David Schofield	\$ 27,358.09	\$ 31,573.27	\$ (4,215.18)
Lieutenant Joseph Borger	\$ 26,184.20	\$ 17,659.11	\$ 8,525.09
Lieutenant Brian Norris	\$ 23,085.40	\$ 23,559.01	\$ (473.61)
Lieutenant Donald Luck	\$ 18,592.81	\$ 18,755.19	\$ (162.38)
Sergeant Jason Volkerding	\$ 126,225.67	\$ 108,782.95	\$ 17,442.72
Sergeant Jason Scott	\$ 92,215.14	\$ 85,915.81	\$ 6,299.33
Sergeant Ronald Hale	\$ 83,245.36	\$ 86,434.92	\$ (3,189.56)
Sergeant Timothy Lanter	\$ 68,699.40	\$ 72,208.95	\$ (3,509.55)
Sergeant Colin Vaughn	\$ 59,014.77	\$ 60,987.59	\$ (1,972.82)
Sergeant Brian Meyer	\$ 54,325.86	\$ 56,425.63	\$ (2,099.77)
Sergeant Joshua Bricker	\$ 49,242.65	\$ 50,509.27	\$ (1,266.62)
Total	\$ 1,121,427.95	\$ 1,053,946.82	\$ 67,481.13

Police Personnel	Total Hours Overtime per Semi-Annual Audit Report	Total Hours Overtime per People Soft (City) Pay Reports	Variance
Captain Bridget Bardua	1,054.00	925.10	128.90
Captain David Fink	806.25	650.50	155.75
Captain Aaron Jones	775.95	761.30	14.65
Captain Lisa Davis	570.00	591.00	(21.00)
Captain James Gramke	484.25	330.50	153.75
Captain Michael Neville	463.00	416.30	46.70
Captain Martin Mack	419.00	360.80	58.20
Lieutenant David Johnston	600.90	598.40	2.50

Lieutenant Mark Burns	512.90	511.90	1.00
Lieutenant Christine Briede	464.00	357.50	106.50
Lieutenant Andrew Mitchell	416.25	380.00	36.25
Lieutenant David Schofield	404.35	466.65	(62.30)
Lieutenant Joseph Borger	387.00	261.00	126.00
Lieutenant Brian Norris	341.20	348.20	(7.00)
Lieutenant Donald Luck	275.00	277.40	(2.40)
Sergeant Jason Volkerding	2,164.10	1,865.10	299.00
Sergeant Jason Scott	1,581.00	1,473.00	108.00
Sergeant Ronald Hale	1,478.65	1,481.90	(3.25)
Sergeant Timothy Lanter	1,177.83	1,237.80	(59.97)
Sergeant Colin Vaughn	1,011.79	1,075.55	(63.76)
Sergeant Brian Meyer	931.40	967.40	(36.00)
Sergeant Joshua Bricker	844.25	890.80	(46.55)
Total	17,163.07	16,228.10	934.97

Also, certain officers received significant amounts of actual overtime payments, with one officer receiving over \$108,000. While this overtime was approved and within Police Department policy, the significant amount of overtime received by certain officers indicates that the Department may need to reassess the current procedures for assigning overtime so certain individuals are not burdened with a disproportionate amount of overtime, and other individuals have an opportunity to work overtime if they are willing.

Inaccurate internal audit reports reduce management's ability to monitor overtime hours and accurately identify issues to be addressed. We recommend due care be used when performing and reporting the semi-annual overtime audit. We also recommend that the Police Department reassess the current process of assigning overtime.

Police Department Response:

Disproportionate amount of overtime earned by certain officers:

The nature of certain CPD assignments require the individuals in those assignments to be subjected to working more overtime. While cross-training officers and/or supervisory personnel could possibly reduce a small percentage of overtime for specific individuals, the amount of actual overtime expense would not be reduced. In most cases, CPD has eliminated most overtime situations through this method.

Example: A uniformed patrol officer working third shift, trained in the processing of fingerprint evidence, is able to process a stolen vehicle eliminated the need to recall an investigator to process fingerprint evidence. The investigator can follow-up with the initial investigation during normal working hours. This cross-training has reduced the amount of overtime required for this investigation.

Example: A shooting victim succumbs to their injuries and the CPD Homicide Unit is recalled to investigate the shooting. The members of the Homicide Unit have special training and experience to investigate homicide offenses. Cross-training of officers/supervisors is neither applicable nor reasonable due to cost and the varying nature of Department needs.

The allocation of PVO hours is outlined in Procedure 12.825, Compensatory Time and Paid Overtime. PVO hours are selected by hours of work, productivity of the officer, and qualifications required of the PVO (e.g., mountain bike certification, laser certification, etc.). Additionally, PVO hours are voluntary and not worked by those employees who do not wish to sign up to work them.

Outside employment details paid in the form of reimbursable overtime on the employee's city check are voluntary hours that each individual employee requests to work. CPD has rules and restriction on the amount an employee can work in a single day. These reimbursable overtime hours are available to all members of the Department and assigned by the number of hours previously worked.

Discrepancies on internal audit reports:

First, the draft audit included pay periods #1 through #26 of 2017. The state audit included pay periods #2 (2017) through #1 (2018) in order to accurately reflect the 2017 calendar year earnings.

Secondly, the draft audit did not use the actual rate of pay that was in effect at the time the officers earned the overtime. This is necessary to reflect the earnings due to salary increases and step-ups which were effective throughout the year.

Finally, in order to determine the monetary value of earned compensatory time, the draft audit computed the compensatory time balances by time-and-a-half. This inaccurately inflated the monetary value of the compensatory time balances because the earned compensatory time had already been computed by time-and-a-half prior to the balances being converted into a monetary value.

15. Inaccurate and Incomplete Overtime Forms

The City of Cincinnati Police Department Procedure Manual Section 12.825 Compensatory Time and Paid Overtime states, in part: ...personnel working overtime must complete and submit a Form 68P, Overtime and Court Appearance Report by the end of the next working day after the overtime work has been completed. Authorization must be given prior to the employee working the overtime. Authorization of the pre-approval of overtime will be documented in the "Overtime pre-approved by" block on the Form 68P in the form of a signature or name of the unit or name of the supervisor authorizing the overtime. The Form 68P is then completed by filling out the "Duty hours", "Overtime hours" and "Reason" block. After the Form 68P is completed a supervisor must sign the "Verified by" line after verifying the accuracy and completeness overtime documented on the form.

The completed Form 68P is approved by the employee's supervisor and submitted to the payroll timekeeper for entering into the PeopleSoft payroll system. Payment to the employee is based on information submitted into the payroll system.

The Auditor of State obtained from the City's PeopleSoft Pay Reports the amount of overtime paid to the 25 officers reviewed in the semi-annual overtime audit to test the accuracy and completeness of supporting 68P forms. The City provided 4,020 Form 68Ps for the fiscal year 2018 audit related to overtime for the 25 officers. We compared the payroll amounts per PeopleSoft Pay Reports to supporting documentation provided for audit. The overtime calculated from the forms was less than the overtime actually paid for certain personnel indicating that the City did not provide all overtime forms for personnel in the sample because the timekeepers required an approved Form 68P to make the initial entry for overtime worked. The overtime calculated from the forms was more than the overtime actually paid for certain personnel, indicating that that some of the overtime forms did not contain accurate information:

Police Personnel	Total Overtime		Variance
	Total Overtime Paid per People Soft (City) Pay Reports	Recalculation Based on Amounts per AOS Forms Provided for Audit	
Captain Bridget Bardua	\$ 72,606.42	\$ 72,155.13	\$ (451.29)
Captain David Fink	\$ 51,054.45	\$ 51,250.67	\$ 196.22
Captain Aaron Jones	\$ 59,750.58	\$ 60,060.60	\$ 310.02
Captain Lisa Davis	\$ 46,384.60	\$ 47,012.48	\$ 627.88
Captain James Gramke	\$ 25,927.50	\$ 25,998.14	\$ 70.64
Captain Michael Neville	\$ 32,673.28	\$ 33,513.07	\$ 839.79
Captain Martin Mack	\$ 28,313.44	\$ 28,548.90	\$ 235.46
Lieutenant David Johnston	\$ 40,487.40	\$ 39,540.17	\$ (947.23)
Lieutenant Mark Burns	\$ 34,634.86	\$ 34,624.71	\$ (10.15)
Lieutenant Christine Briede	\$ 24,188.25	\$ 24,492.71	\$ 304.46
Lieutenant Andrew Mitchell	\$ 25,114.34	\$ 24,486.49	\$ (627.85)
Lieutenant David Schofield	\$ 31,573.27	\$ 30,856.08	\$ (717.19)
Lieutenant Joseph Borger	\$ 17,659.11	\$ 17,659.11	\$ -
Lieutenant Brian Norris	\$ 23,559.01	\$ 22,811.38	\$ (747.63)
Lieutenant Donald Luck	\$ 18,755.19	\$ 18,274.81	\$ (480.38)
Sergeant Jason Volkerding	\$ 108,782.95	\$ 108,698.38	\$ (84.57)
Sergeant Jason Scott	\$ 85,915.81	\$ 86,467.00	\$ 551.19
Sergeant Ronald Hale	\$ 86,434.92	\$ 86,835.92	\$ 401.00
Sergeant Timothy Lanter	\$ 72,208.95	\$ 70,511.24	\$ (1,697.71)
Sergeant Colin Vaughn	\$ 60,987.59	\$ 58,598.84	\$ (2,388.75)
Sergeant Brian Meyer	\$ 56,425.63	\$ 55,743.21	\$ (682.42)
Sergeant Joshua Bricker	\$ 50,509.27	\$ 50,506.36	\$ (2.91)
Total	\$ 1,053,946.82	\$ 1,048,645.40	\$ (5,301.42)

From the forms provided for audit, 97 of the 4,020 (2.41%) were missing the required information or had not been properly approved and verified for 22 of the 25 officers in the sample. 93 of the 97 forms with missing information and/or approvals were for overtime earned for a court appearance. Missing information included the following: some cases of final supervisor approval signatures, in and out times for court appearances, and how many hours were worked for an overtime detail.

We recommend that all required forms be completely filled out, properly pre-approved and verified, signed and retained, and consistent content detailed on each form.

Police Department Response:

Proper completion of overtime forms:

The Auditor's Office reviewed 4,020 overtime forms. Of those forms, 97 (2.41%) were found to be missing the required information or had not been properly approved and verified for 22 of the 25 officers in the sample. 93 of the 97 forms with missing information and/or approvals were for overtime earned for a court appearance. The missing information on these forms included in and out times for court appearances. The Form 68P-CT, Court Appearance Overtime Report was recently revised, removing any type of pre-approval, as the subpoena for the officer to appear in court acts as such. Additionally, the F68P-CT is currently being revised to remove the "Officers Time in Court" section of the form. This section is outdated due the requirement of using a time stamp at the Court Control office.

Of the 4,020 overtime forms reviewed, only four forms with missing information and/or approvals were located for the normal course of police business. CPD believes this to be an acceptable amount of compliance with Department Policies and Procedures; however, each instance of non-compliance is investigated, and any required corrective action is taken.

16. Cincinnati Police Department December 10, 2018 Semi-Annual audit of overtime

The Inspections Section of the Cincinnati Police Department conducted a semi-annual audit of overtime for the first 13 pay periods of calendar 2018 (December 17, 2017 through June 16, 2018) and issued a report dated December 10, 2018. The overtime audit included various recommendations, including, but not limited to:

- Officer schedules should meet the operational demands and minimize the use of overtime.
- The Department should cross-train officers to allow for overtime reduction and the even distribution of any overtime that is required.
- Officers should carefully conduct overtime audits and remind officers that they are required to have 15 minutes of separation between duty hours and outside employment details and document the change in work locations.
- Supervisors should assign duty hours based on the needs of the department and deviations should not occur to facilitate outside employment or maximize overtime hours.
- Supervisors should be attentive to detail when approving the overtime and verifying the Form 68P is filled out completely.

The December 10, 2018 overtime audit identified instances where officers signed up for outside employment overtime using the Department's Coplogic program and then worked duty hours or received paid time off that overlapped the hours of the outside employment request. Officers should complete a form 17DC if there is a change in their work assignments; however, in the instances identified in the overtime audit report, no form 17DC was completed. The Department referred these findings to the respective supervisors for further review and investigation to determine if the findings were a result of a clerical error, or if officers received compensation from two different sources for the same period of time. The Department addressed the concerns outlined in the overtime audit and identified corrective action recommendations to be addressed by the Department. These recommendations included formal reminders to individuals regarding departmental needs, off-duty detail policies and procedures regarding the 15 minutes of separation, failing to submit required forms, and the proper completion of payroll paperwork.

The December 10, 2018 overtime audit also identified an officer who worked 80 hours in a two-week period but worked more than 40 hours one week and less than 40 hours in the other week. While the officer did not receive overtime, the potential existed for the officer to claim overtime for the week she worked over 40 hours. We recommend that the Department require full-time officers to work 40 hours each week of an 80-hour biweekly pay period.

We recommend that the Cincinnati Police Department implement the recommendations in the December 10, 2018 semi-annual audit of overtime.

Police Department Response:

Review of the 2018 bi-annual audit:

This instance was a situation in which an officer incorrectly completed a voluntary off-day deviation. CPD is currently investigating the circumstances surrounding this occurrence.

CPD has amended policy and procedure to comply with the recommendations of the 2018 bi-annual audit conducted on December 10, 2018. Any and all discrepancies discovered in the audit have been investigated.

