



CITY OF SAN ANTONIO

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September 29, 2009

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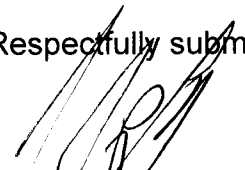
Mayor and Council Members:

SUBJECT: SAPD Special Compensation Follow-up Audit Report

We are pleased to send you the audit report of the San Antonio Police Department. This audit began in July 2009 and concluded in September 2009. Management's verbatim response is included in Appendix C of the report. The San Antonio Police Department should be commended for its cooperation and assistance during this audit.

The Office of the City Auditor is available to discuss this report with you individually at your convenience.

Respectfully submitted,


Barry Lipton, CPA, DABFA
Deputy City Auditor
City of San Antonio

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CITY OF SAN ANTONIO

OFFICE OF THE CITY AUDITOR



San Antonio Police Department
Special Compensation Payments Follow-Up Audit

Project No. AU09-014F3

September 29, 2009

Executive Summary

As part of our annual Audit Plan approved by City Council, we conducted a follow-up audit of the agreed-upon recommendations made in the San Antonio Police Department (SAPD) Special Compensation Payments Audit report dated April 27, 2006. The audit objective and conclusion follow:

Has SAPD management's action for recommendations been implemented sufficiently?

We determined that SAPD management and staff have sufficiently implemented all of the agreed-upon recommendations made in the report mentioned above. The status of each recommendation is in the table below. See **Appendix A** on page 4 for a summary of the original agreed-upon recommendations and their status.

Table 1: Recommendation Status Summary	
Implemented	3
Total Recommendations Reviewed	3

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Background

In 2005, the Office of the City Auditor reviewed San Antonio Police Department (SAPD) special-compensation payments. The main objectives of the audit were to:

- Determine if special compensations were paid in accordance with the San Antonio Police Officers' Association Collective Bargaining Agreement (CBA) and applicable City policies.
- Determine if internal controls related to the payment of special compensations were adequate and effective.

The report concluded that the SAPD is generally in compliance with provisions of the CBA; however, it did note specific instances of noncompliance and opportunities for improving internal controls.

Audit Scope and Methodology

We performed the follow-up audit in accordance with guidance from the Institute of Internal Auditors' (IIA) Professional Practices Framework (Practice Advisory 2500.A1-1) and included tests of records and procedures that we considered necessary. Our testing covered the months of June and July 2009. IIA standards require that we establish a follow-up process to monitor and ensure that management actions have effectively implemented our recommendations or that senior management has accepted the risk of not taking actions. The SAPD accepted three of the six original recommendations.

The audit methodology consisted of collecting computer-processed data extracted from COSA's SAP financial system. We also collected information by conducting interviews, performing selected tests, and analyzing and evaluating the results of tests performed.

Our tests included verifying that the Chief's benefits are consistent with the compensation package offered and identifying the differences in the special-compensation payments between the current and previous collective bargaining agreements. We also reviewed SAP roles, segregation of duties, and other aspects of internal control.

Prior Recommendations and Audit Results

A-1 Compensation Package for the Chief of Police

The Office of the City Auditor (OCA) recommended that the City Manager should document the compensation package for the Chief of Police.

Status: Implemented

We verified that the Chief's special-compensation incentive pay is consistent with the incentives documented by the City Manager in a March 14, 2006 offer-of-employment letter.

A-2 Special Incentive Pay for Officers on Active Duty Military Leave

OCA recommended that the SAPD should revise the City policy related to payroll and special compensation to include a directive to require Officers to work at least half of a month full-time schedule to qualify for special compensation incentives.

OCA recognizes that the City policy related to SAPD payroll and special compensations cannot be revised without the agreement of the San Antonio Police Officers' Association (SAPOA). The intent of this recommendation was for City management to advocate for this issue during the collective bargaining negotiations with the SAPOA.

Status: Implemented

We verified that during the negotiations for the current collective bargaining agreement (CBA), the City Manager's Office asked for special-compensation payments to be limited to those officers who work a minimum of 80 hours per month. The San Antonio Police Officers' Association did not agree to these terms. Consequently, the SAPD could not revise this policy.

A-3 Procedures for Improving Internal Controls

OCA recommended that the SAPD should strengthen internal control weaknesses by developing procedures that address:

- Maintaining accurate records of Officers with special assignments, additional education and certifications. These records should be periodically compared to payroll special compensation incentives to validate payroll eligibility.

- Segregating incompatible administration and approval duties related to payroll special compensation incentives. Compensating controls should exist when segregation of duties is not possible.

Status: Implemented

The original audit began within months of the SAP financial system implementation, a period when SAPD staff had not yet begun fully utilizing SAP. According to management, no one in the SAPD's accounting, payroll, and personnel office was trained to access the various staffing and ad hoc reports available through SAP. That situation has since changed; currently the office compares staffing reports to special compensation payments. Staff generate and review reports to ensure that assignments and pay are congruent with personnel changes made during the month. The office also collaborates with the Information Technology Services Department (ITSD) to determine root causes of errors when they identify mistakes.

We verified that the SAPD Fiscal Operations Manager has delegated tasks to staff that previously were performed solely by the prior Fiscal Operations Manager. Additionally, staffing and payroll reports allow for better management oversight and act as a compensating control for those tasks that are not fully segregated.

Furthermore, the SAPD is working towards accreditation with the Commission on Accreditation for Law Enforcement Agencies, Inc. (CALEA). As part of this process, SAPD is reviewing and documenting standard operating procedures for the accounting, payroll, and personnel office, including those for special compensations. These documented procedures will further strengthen internal controls.

Appendix A – Recommendation Status Summary

No.	AU05-009 Recommendation	Status
A-1	<p>Special compensation incentives paid to ineligible personnel</p> <p>The City Manager should document the compensation package for the Chief of Police.</p>	Implemented
A-2	<p>Full incentives paid to Officers on active duty military leave</p> <p>SAPD should revise the City policy related to payroll and special compensation to include a directive to require Officers to work at least half of a month full-time schedule to qualify for special compensation incentives.</p> <p>OCA recognizes that the City policy related to SAPD payroll and special compensations cannot be revised without the agreement of the San Antonio Police Officers' Association (SAPOA). The intent of this recommendation was for City management to advocate for this issue during the collective bargaining negotiations with the SAPOA.</p>	Implemented
A-3	<p>Internal control weaknesses related to special compensation payments</p> <p>OCA recommended that the SAPD should strengthen internal control weaknesses by developing procedures that address:</p> <ul style="list-style-type: none"> • Maintaining accurate records of Officers with special assignments, additional education and certifications. These records should be periodically compared to payroll special compensation incentives to validate payroll eligibility. • Segregating incompatible administration and approval duties related to payroll special compensation incentives. Compensating controls should exist when segregation of duties is not possible. 	Implemented

Appendix B – Staff Acknowledgement

Staff Acknowledgement

Mark Bigler, CPA-Utah, CISA, CFE, Audit Manager
Arlena Sones, CPA, CIA, CGAP, Auditor-in-Charge
Rebecca Moulder, CIA, Auditor

Appendix C – Management Response



CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

Barry Lipton, CPA, DABFA
Deputy City Auditor
San Antonio, Texas

RE: Management's Acknowledgment of the SAPD Special Compensation Payments Follow-Up Audit

Here are our comments to the subject report.

- Fully Agree (provide detailed comments)
- Agree Except For (provide detailed comments)
- Do Not Agree (provide detailed comments)

Sincerely,

Handwritten signature of Erik J. Walsh in black ink.

Erik J. Walsh
Assistant City Manager
City Manager's Office

Handwritten signature of William McManus in black ink.

William McManus
Police Chief
San Antonio Police Department