



BERKELEY CITY AUDITOR

INFORMATION CALENDAR

June 6, 2023

To: Honorable Mayor and Members of the City Council
From: Jenny Wong, City Auditor
Subject: Police Overtime Audit Report Wins National Recognition

INTRODUCTION

The 2022 Exemplary Knighton Award for best performance audit report in the medium shop category has been awarded to the City of Berkeley Auditor's Office by the Association of Local Government Auditors (ALGA). The report, *Berkeley Police: Improvements Needed to Manage Overtime and Security Work for Outside Entities*, was judged on several key elements, such as the potential for significant impact, the persuasiveness of conclusions, the focus on improving government efficiency and effectiveness, and its clarity and conciseness.

CURRENT SITUATION AND ITS EFFECTS

Each year, local government audit organizations from around the U.S. and Canada submit their best performance audit reports for judging. The judges from peer organizations determined that our audit of the City of Berkeley's Streets was among the best of 2022.

BACKGROUND

We issued our audit report, *Berkeley Police: Improvements Needed to Manage Overtime and Security Work for Outside Entities*, on March 3, 2022.¹ The purpose of the audit was to determine:

1. What policing functions does BPD's use of overtime cover?
2. Does BPD regularly assess minimum staffing levels to meet community needs?
3. Is BPD's management of overtime sufficient to reduce excessive uses of overtime?
4. Are BPD's agreements to provide work for outside entities transparent and in accordance with the law?

We found that the Berkeley Police Department (BPD) relies on overtime to achieve its staffing levels, and the department does not adhere to overtime limits. In Fiscal Year (FY)

¹<https://berkeleyca.gov/sites/default/files/2022-04/Berkeley%20Police%20-%20Improvements%20Needed%20to%20Manage%20Overtime%20and%20Security%20Work%20for%20Outside%20Entities.pdf>

2020, nearly a quarter or \$1.3 million of BPD's overtime costs went toward backfilling officer vacancies and absences. That same year, 21 percent of sworn officers exceeded BPD's overtime limit at least once.

In addition, BPD's overtime work for outside entities more than tripled in FY 2020, and 53 percent of these hours were for the Apple store. The audit team found there are no procedures or contracts for this work, in which officers provide security for outside entities while representing BPD and the City. Under BPD's current billing structure, it is not possible to know if BPD charges these entities appropriately for their services.

We made twelve recommendations to improve the oversight, management, and transparency of BPD overtime and work for outside entities. City Management agreed to our findings, conclusions, and recommendations. Since audit issuance, BPD has made significant progress in implementing the audit recommendations.

ENVIRONMENTAL SUSTAINABILITY

This report is not associated with identifiable environmental effects or opportunities.

POSSIBLE FUTURE ACTION

We will continue to follow up on the status of audit recommendation implementation to ensure the City mitigates the risks that could prevent the City from providing efficient, effective, and equitable service delivery.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Audit work leads to new or enhanced revenue, cost recovery, and increased efficiency, with economic impact well beyond the audit costs. Long-range financial benefits of our audits result in significant improvements to internal controls and service delivery.

Ensuring timely implementation of audit recommendations could result in additional savings and risk reduction, including fraud risk. Reducing fraud risk more than protects money; it builds trust in government. Maintaining a strong audit function and prudent program and fiscal management will reduce future costs and enhance public trust.

CONTACT PERSON

Jenny Wong, City Auditor, 510-981-6750

Attachment:

1. 2022 Knighton Award Letter from ALGA



Association of Local Government Auditors

April 11, 2023

Jenny Wong
2180 Milvia St., 3rd Floor
Berkeley, CA 94704

RE: 2022 Knighton Award Winner

Dear Jenny,

The Association of Local Government Auditors' Awards Program Committee is pleased to announce that the City of Berkeley Auditor's Office's report, "Berkeley Police: Improvements Needed to Manage Overtime and Security Work for Outside Entities," won the 2022 Exemplary Knighton Award in the medium shop category.

ALGA was founded in 1985 to serve auditors who specialize in working with local governments, and our members represent about 300 local government audit organizations across the United States and Canada. As you well know, local government auditors are committed to helping their governments provide services to the public more efficiently and effectively with the limited resources available to them.

To encourage increasing levels of excellence among local government auditors, ALGA created the Knighton Award in 1995 to recognize the best performance audit reports produced by local government audit shops in the previous year. Each year, local government audit organizations, like yours, submit their best performance audit report to be evaluated against four criteria:

- (1) An audit scope that has the potential for significant impact and is responsive to the needs and concerns of decision-makers and/or the public.
- (2) Audit conclusions that are persuasive, logical, and firmly supported by the evidence, which was gathered using appropriate research methods and tools.
- (3) Audit recommendations that are feasible and will make government programs more effective and efficient.
- (4) Audit results that are communicated clearly and concisely.

Judges from peer organizations determined your office's report was among the best of 2022.

The judges commented:

We found Berkeley's audit of the management of overtime and security work for outside entities to be directly impactful to management and leadership. We noted the conclusions and recommendations would likely help reduce costs for the city. The report detailed the data reviewed, the testing performed, and the criteria identified. The use of



Association of Local Government Auditors

graphics throughout the report made it easy to read, and the report was influential in illustrating background information and conclusions.

Congratulations on receiving this award!

Sincerely,

Justin Anderson, President
ALGA

Sonal Patel, Chair
ALGA Awards Program Committee