



**Council Auditor's Office**

**Follow-Up on Jacksonville Fire & Rescue Department Payroll Audit**

**Report #770B**

**Released on:** February 11, 2020

**OFFICE OF THE COUNCIL AUDITOR**  
 Suite 200, St. James Building



February 11, 2020

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Honorable Members of the City Council  
 City of Jacksonville

The purpose of this report is to document our second follow-up review of our past report #770, Jacksonville Fire & Rescue Department Payroll Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards.

We sent a follow-up letter to the City’s Chief Administrative Officer on October 16, 2019 inquiring as to the status of the remaining original audit report recommendations. We reviewed the recommendations from our audit report, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify the responses.

Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

<b>Types of Issues</b>	<b>Original Number of Issues</b>	<b>Issues Cleared Prior to This Follow-up</b>	<b>Remaining Issues Prior to This Follow-up</b>	<b>Issues Cleared During This Follow-up</b>	<b>Remaining Issues</b>
Internal Control Weaknesses	4	4	0	0	0
Findings	11	9	2	1	1
Opportunities for Improvement	6	3	3	2	1
<b>Total</b>	<b>21</b>	<b>16</b>	<b>5</b>	<b>3</b>	<b>2</b>

The following is a brief summary of the remaining issues with responses from Diane Moser, Director of Employee Services, which we received on February 7, 2020.

## **Finding 2 - Issues with Military Pay**

In the original audit, we found various issues with the calculation and processing of supplemental payments to employees on military leave. The City makes supplemental payments to employees in the amount necessary to offset any reduction in pay an employee may receive while they are out on military leave. This means if the employee's military pay was less than their City base pay with incentives, the City would make a payment for the difference, but if the military pay was higher, the City would not make a supplemental payment. The issues we found in the original audit included the employees only being required to provide one military Leave and Earnings Statement (which may not be accurate for entire leave period), not including all pay from the Leave and Earnings Statement in the calculations, and not stopping the payment of incentives even though they are included in the supplemental pay calculation.

During the first follow-up review, we still found some issues with the City not obtaining Leave and Earnings Statements. We recommended that the Employee Services Department adopt one of three options with regard to the Leave and Earnings Statement review process. The department chose to continuously require Leave and Earnings Statements to be submitted throughout the leave period and continuously adjust payments based on the data provided.

During the second follow-up review, we found that Leave and Earnings Statements were not being obtained every two weeks for City employees on military leave except for the Sheriff's Office who processes their own military leave payouts. The Sheriff's Office treats this as a reimbursement process where a payment is only processed when supporting documentation is received. The Employee Services Department oversees this process for the rest of the City employees. While the Department's procedure and directive require obtaining Leave and Earnings Statements every two weeks, it is not being enforced. We tested military leave pay for two Jacksonville Fire & Rescue Department employees in calendar year 2019 and found that one employee was paid from 1/11/19 through 3/22/19 based on a Leave and Earnings Statement submitted on 10/15/18 while the second employee was paid from 5/31/19 through 11/15/19 (when we did the testing) based on a Leave and Earnings Statement submitted on 5/31/19. Since military pay often includes various elements that change over time, it is very possible that the City's supplemental payments would have been different if all Leave and Earnings Statements had been obtained.

### ***Employee Services Department Response to the Follow-Up of Finding 2***

Agree                       Disagree                       Partially Agree

*Employee Services implemented effective January 1, 2020 the Jacksonville Sheriff's Office's process regarding supplemental pay. Military supplemental pay will be paid as a reimbursement only after receiving supporting documentation.*

## **Opportunity for Improvement 1 - Collective Bargaining Agreements Language**

In the original audit, we found that the City had the opportunity to improve consistency between the collective bargaining agreements for the Jacksonville Fire & Rescue Department and current payroll practices by revising the agreements during the next round of negotiations. We found various

instances where current payroll practices did not match with the language specified in the union agreements.

During the first follow-up review, we found that this recommendation was not implemented, but it was forwarded to the Employee Services Department. During the second follow-up review, we found that no changes recommended in the original audit were implemented in the 2017-2020 collective bargaining agreements to make sure that the agreements agree to the current actual practice except for the meal or supplemental cleaning allowance that was completely removed from the agreements:

1. Section 15.4 of the 2012-2015 Collective Bargaining Agreement stated that an employee had to work 10 days each month of a quarter to earn a \$100 quarterly dry cleaning/laundry allowance. However, a day for purposes of determining allowance eligibility was not defined. Also, if an employee did not meet the minimum amount of days in a month, JFRD practice was to prorate the allowance based on the number of months in which the employee met the requirements. However, the agreement did not contain any language stating that this allowance should be prorated.
2. Section 14.3 of the 2012-2015 Collective Bargaining Agreement stated that transfer payments were to be paid quarterly. However, the actual practice was to issue transfer payments each pay period.
3. Section 19.12 of the 2012-2015 Collective Bargaining Agreement stated that retiring employees should have received payment for personal leave up to 120 days. However, the actual practice was to pay all accrued leave to retiring employees.
4. Section 18.11 of the 2012-2015 Collective Bargaining Agreement outlined the process of converting an employee's holiday leave balance when an employee transferred from a 56-hour work week to a 40-hour work week, and vice versa. However, the actual practice was to convert all types of leave.

***Employee Services Department Response to the Follow-Up of Opportunity for Improvement 1***

Agree

Disagree

Partially Agree

*Employee and Labor Relations is currently negotiating the IAFF contract. We will make every effort to revise the language regarding the sections above so that it matches current practice or clarifies the intent of how it should be handled by the department.*

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We would like to thank the Jacksonville Fire & Rescue Department and Employee Services Department for their cooperation in conducting this follow-up review.

Sincerely,

*Kyle S. Billy*

Kyle S. Billy, CPA  
Council Auditor