



Mayor Jim Newberry

LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT
Office of Internal Audit

INTERNAL AUDIT REPORT

DATE: February 19, 2009

TO: Jim Newberry, Mayor

CC: Joe Kelly, Senior Advisor for Management
Cheryl Taylor, Commissioner of Environmental Quality
Kyna Koch, Commissioner of Finance & Administration
Charles Martin, Director of Water and Air Quality
Susan Straub, Communications Director
Urban County Council Members
Internal Audit Board Members

FROM: Bruce Sahli, Director of Internal Audit

RE: On-Call Time Reporting Audit

Background

The Division of Water Quality (previously the Division of Sanitary Sewers) operates and maintains the government-owned sanitary sewerage system for the majority of Lexington-Fayette County. The system includes 72 pump stations, almost 1,400 miles of sewer lines, more than 28,000 manholes, and two large sewage treatment plants at Town Branch and West Hickman. The wastewater collection systems maintenance crew is responsible for all maintenance, cleaning, and rehabilitation for sewer lines within the Lexington-Fayette County service area.

In order to maintain the sewer lines, the Division of Water Quality has four crews; the Repair Crew, the CC/TV Crew, the Vactor Crew (provides high powered sewer line flushing and vacuuming services), and the Call Crew. The Call Crew responds to routine sewer maintenance calls and utilizes light to medium duty equipment to address sewer line issues. The Call Crew normally operate during the regular business hours of 7 AM to 4 PM Monday through Friday. The Call Crew also operates after normal business hours and on weekends on an on-call basis, where they respond to calls received from several sources, including Answer One (an after hours answering service), LexCall, and employee pagers. The on-call Call Crew usually consists of two crew members, with one being a supervisor-level employee. The on-call Call Crew time is reported via the KRONOS time keeping system. The Call Crew also generates Customer Service Reports (essentially a manual work order

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and timesheet) that includes the time of each call, the service address, the time work began and ended at each location, and a description of the work performed. Overtime expenses for sewer line maintenance On-Call Crews were \$97,043, \$113,416, and \$117,294 for calendar years 2006, 2007, and 2008, respectively.

Scope and Objectives

The general control objectives for the audit were to provide reasonable assurance that:

- Supporting documentation exists for on-call hours worked
- Management review of on-call hours worked is effective and documented
- Calls for service received by On-Call Crews originate from a valid source

The period of our audit was On-Call Crew days worked from July 1, 2007 through June 30, 2008.

Statement of Auditing Standards

We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to afford a reasonable basis for our judgments and conclusions regarding the organization, program, activity or function under audit. An audit also includes assessments of applicable internal controls and compliance with requirements of laws and regulations when necessary to satisfy the audit objectives. We believe that our audit provides a reasonable basis for our conclusions.

Audit Opinion

In our opinion, the controls and procedures provided reasonable assurance that the general control objectives were being met. Opportunities to enhance controls are included in the Summary of Audit Findings.

SUMMARY OF AUDIT FINDINGS

1. Improved Documentation Process Needed

We selected 100 On-Call days for review and noted 16 instances where reported overtime hours worked was not supported by a Customer Service Report (i.e., work order/timesheet). Division management stated that nine of these undocumented instances were for snow removal, which is not tracked on Customer Service Reports. Management also stated these exceptions included a few instances where the employee's name was apparently omitted from the Customer Service Report. Our testing also noted 10 instances where Customer Service Reports submitted by On-Call Crews did not indicate management review or approval. We also noted two additional instances where On-Call

employees received overtime pay without supporting documentation, and management verified those hours had not been worked and the overtime pay was erroneously applied. Total overpayment in those two instances amounted to \$78.

We then selected 15 dates from our sample of 100 in an attempt to validate the source of each completed call received after normal business hours. Within those 15 dates selected for additional review, the On-Call Crew responded to 88 after hour calls. We noted that 11 of the 88 calls originated from a pager designated only as Office Staff. According to management, this pager is not assigned to any specific individual, and a call log is not maintained for it. The source of these 11 calls could not be determined. The inability to validate the source of service calls is a significant control issue because of the direct correlation between service calls and on-call overtime costs.

It is recommended management establish procedures to provide consistent documentation, review, and approval of all On-Call Crew hours worked, including such functions as snow removal. Controls should be put in place to ensure overtime is not paid until the documentation, review, and approval processes have been fully complied with. This process should also be used to identify specifically those hours charged for snow removal in order to allocate this expense to the General Fund.

Director of Air & Water Quality Response: As of December 31, 2008, the Sewer Line Maintenance Superintendent position was vacated due to the retirement of the incumbent. The development of procedures will begin immediately but quality control and full implementation of the procedures cannot be assured until the vacant position is filled.

Beginning March 1, 2009, the acting superintendent will require a completed Customer Service Report for all calls that result in overtime generated from external service calls. The Call Crew Supervisor will be responsible for ensuring validation and completion of the reports prior to bi-weekly payroll approval.

I would expect that functions such as snow removal and debris removal would be handled in the same manner but be better documented / validated than service calls generated from the public at large. In the past, an on-call list was prepared in advance of an anticipated event. Pre-approval of an overtime event should occur at that point. The validation of overtime hours worked would come from the Kronos timekeeping system. Only during a rare occasion when the Kronos system is “down” should planned overtime costs be incurred on an employee-by-employee basis, without those employees physically clocking in and out.

The division’s inability to validate the source of external service calls was the division’s primary motivation for requesting this audit. It is anticipated that the Capacity Management Operations and Maintenance (CMOM) program self assessment, the Sanitary Sewer Overflow Response Plan (SSOP) and the Information Management Systems, all done as part of the Consent Decree implementation, will need to address this issue in an automated manner, since manual tracking is prone to error and susceptible to compromise.

In the past, the division manually tracked snow removal costs and submitted them to the Department of Finance. The division ceased this practice approximately four years ago because while division

personnel were expending time, energy and cost in preparing the reports, they were ignored and reimbursements were not authorized.

Upon concurrence by the administration, the division can initiate the tracking of snow removal costs for FY10.

Commissioner of Environmental Quality Response: I concur with the recommendation of the Director.

2. On-Call Written Procedures Needed

There are no written procedures regarding on-call service documentation or the standards for responding to service calls in a timely manner. Although it is a general practice to complete a Customer Service Report documenting the resolution of service calls, we noted this practice was not consistently applied. We also noted in our 15 day sample of 88 calls completed after normal business hours that 14 calls (16%) were logged prior to 2:30 PM but not responded to until after 4:00 PM (start time for the evening On-Call Crew). This occurred in seven of the 15 days reviewed, with the longest response time delay being seven hours. On two of these days the workload appeared to be heavy, which could explain the delay in response on those particular dates; however, a pattern of such activity increases overtime costs.

Written procedures are an important control that provides process instruction, performance standards, and a basis for measuring compliance with management expectations. We recommend that management develop written procedures addressing documentation requirements for all On-Call sewer line maintenance calls, and include a procedure for responding to the different types of calls received and the appropriate response time. Reasons for delays in answering service calls should be documented by On-Call Crews, and management should also develop procedures to monitor for excessive delays, or patterns in delays, in service call responses.

Director of Air & Water Quality Response: The division does have a response time goal, which is stated in the LexCall operations plan and also does have specific, written procedures for On-Call/Call Back operations. It is agreed that field level management of this policy along with the development of refined call response procedures / protocols is necessary to further improve performance.

The division's inability to validate the completion times for service calls makes management of response times very difficult. Over the past several years, the division has contemplated installation of GPS tracking systems for all rolling stock. Budget constraints along with distractions arising from Consent Decree negotiation / implementation have derailed pursuit of a GPS tracking system. It is anticipated that the Capacity Management Operations and Maintenance (CMOM) program self assessment, the Sanitary Sewer Overflow Response Plan (SSOP) and the Information Management Systems, all done as part of the Consent Decree implementation, will need to address this issue in an automated manner, since manual tracking is prone to error and susceptible to compromise.

Development of a "procedure" for responding to the different types of calls received and the appropriate response time is not as simple a task as the audit represents it to be. The division serves

over 95,000 customers. While the 1,400 mile publicly owned piping system is mapped with a high degree of confidence, the service laterals connecting the structure to the publicly owned piping system is essentially unmapped and is estimated to have a greater total length than the public system.

Prior to development of a procedure, the division would recommend a comprehensive time study, conducted by qualified professionals, to evaluate and document common tasks conducted by the Sewer Line Maintenance Section.

Commissioner of Environmental Quality Response: I concur with the recommendation of the Director. DWQ may have the opportunity to explore the use of GPS after successful implementation of a GPS system in the Division of Waste Management. That project is in discussion currently, with an expected start-up late in calendar year 2009.

3. Automation of On-Call Monitoring Activity Recommended

The On-Call Crew management process is highly manual in nature. The current practice requires the manual preparation of Customer Service Reports, manual review and approval, manual comparison to related service call records (e.g., LexCall and Answer One), manual scanning of all related documents for record retention purposes, and manual monitoring for unusual activities, trends, etc. The result appears to be an inefficient and time-consuming process that does not lend itself to effective management oversight.

We recommend that management consider automating the On-Call process by directing all service calls to LexCall during their hours of operation (7 AM-8 PM Monday through Friday) to improve management's ability to effectively monitor and manage this operation. The LexCall database would provide an electronic record of all calls received and the Division of Water Quality could use LexCall's add and edit capabilities already in place to enhance its On-Call Crew monitoring capabilities. Through the use of customization, LexCall could generate reports that detail problem service areas and the status of work orders, as well as provide an excellent management tool in managing On-Call Crew activity. Management should also consult with Answer One to determine if their data formats can interface with LexCall to provide one complete database. If so, LexCall could then provide a complete database of all Sewer Line maintenance calls received.

Director of Air & Water Quality Response: The division agrees that all external service calls should be routed through LexCall. Unfortunately, there is often a lack of coordination within government. In many cases, external customer complaints go straight to the mayor's office, the council office, or the departmental office and are then re-routed directly to the division, bypassing LexCall. Procedures to enter those calls "after the fact" were previously in place but apparently have been compromised by current field level staff.

The division disagrees with the routing of all service calls to LexCall. Internal inspections that result in a corrective action work order should not be sent externally to another source and database that is not linked with the asset in question. Instead, the division is nearing completion of an RFP for development / implementation of an asset based Information Management System. Interface with the existing LexCall environment is one of the conditions for potential vendors. The Information

Management System RFP's are expected to be advertised in Spring 2009. Implementation timeframes are currently unknown but funding is committed for the next four fiscal years.

Commissioner of Environmental Quality Response: I concur with the Director's recommendation.

4. Methodology for Call Responses Needs to be Developed

Division management indicated that the usual practice for the On-Call Crew is to respond to all calls, regardless of the nature of the complaint or the time received. During one interview, it was stated that citizens sometimes inform an arriving On-Call Crew that it is understood the problem is outside their area of expertise, but that they are the only LFUCG group that responds.

This practice has the potential of diverting On-Call Crews from service calls they are capable of addressing, and increases overtime pay while offering no substantive corrective action. Management should establish procedures for the evaluation of service calls to determine if sewer line maintenance On-Call Crews should respond to a call or refer it to another Division. This process may need to include phone discussions with citizens by On-Call personnel to determine the true nature of the complaint for a more thorough assessment of the issue.

Director of Air & Water Quality Response: The division will evaluate this as part of the division reorganization currently underway.

Commissioner of Environmental Quality Response: I concur with the Director's recommendation.

5. Standard Evening Shift Should be Considered

As noted in the Background section of this report, overtime expenses for sewer line maintenance On-Call Crews were \$97,043, \$113,416, and \$117,294 for calendar years 2006, 2007, and 2008, respectively. The average base pay for the On-Call Crew for calendar year 2008 was \$33,360.

We recommend management evaluate the option of creating a full-time standard evening shift for addressing sewer line issues as a possible cost savings alternative to the current practice of paying day shift employees their regular pay plus overtime for volunteer On-Call Crew night shift work.

Director of Air & Water Quality Response: The division will evaluate this as part of the division reorganization currently underway.

Commissioner of Environmental Quality Response: I concur with the Director's recommendation.