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September 7, 2021

The Honorable City Council
City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Honorable Members:

On August 25th, the City Controller released his report **“Overtime Oversight: LAFD’s COVID-19 Labor Costs”** analyzing overtime logged by the Los Angeles City Fire Department (LAFD). According to the Controller, the LAFD did not have adequate timekeeping processes at testing sites or for pandemic response activities in general and uncovered several individual payroll errors resulting in an overpayment to some employees.

While the Controller did not request an official response from the Department, weeks before the audit’s release, the LAFD was given an opportunity to review a draft report and provided our feedback, yet some of our responses were not publicly conveyed.

I am taking this opportunity to inform that we addressed many of the issues. For those outstanding matters, we are in the process of rectifying them.

- (Page 4) The report cites a 67% increase in annual overtime as compared with 2013. Our concern is that most of that 67% has nothing to do with COVID-19 expenditures. Since 2013, there have been numerous negotiated salary rate increases, and the Department restored almost 200 authorized positions that had been cut during previous budget cycles. The higher pay rates, along with the overtime required to cover additional CTO associated with the restored positions, have a synergistic effect on the cost of annual overtime, especially when compounded over seven years.
- (Page 7) The discussion of overtime costs is not specific to COVID-related expenditures. An article in the Los Angeles Times written by Matt Stiles on December 8, 2019, shows the trend of increasing overtime and the amount earned by a few outliers is a state-wide trend that began well before COVID-19 arrived. We feel the histogram and the report should be clear - not all of the overtime discussed in this section is related to COVID-19.
- (Page 8) Recommendation 1: The Fire Department acknowledges the potential exists for inaccurate timekeeping entries for non-standard overtime. For over 20 years, non-standard overtime hours entered into the timekeeping system require a specific

code/PIN combination. Most sworn members below the rank of Captain must report their hours to their supervisor for entry into the timekeeping system; they do not have the access level required to make their entries. We are not aware of any City department that employs a direct check-in/check-out time system. We will continue to assess methods of improving timekeeping accuracy, but feel a time clock/punch card system, no matter how technologically advanced, is not a feasible option.

In January, the Fire Department consolidated the timekeeping for all employees assigned to COVID-19 testing or vaccination missions to a single timekeeping division. A single officer, who is aware of the specific schedules worked by the employees, reviewed all timekeeping entries. The timekeeping officer established multiple checks and balances between the division and the Department's Payroll Unit to ensure the accuracy of the division's timekeeping.

Recommendation 2: The Fire Department is working with the Workday team to develop validation routines that highlight potential timekeeping errors and will develop specific processes to investigate and correct the errors if confirmed. Also, we are developing, from scratch, a new timekeeping program to replace the current Network Staffing System (NSS). The new program will integrate more closely with Workday than NSS does to validate timekeeping entries and highlight potential errors.

- (Page 9) Recommendation 3: The Fire Department is working to identify the duplicate/erroneous entries and request timekeeping corrections from the member's supervisor. If the errors create a reasonable suspicion of intentional wrongdoing, the matter will be referred to the Professional Standards Division for investigation.
- (Page 10) Recommendation 4: As addressed in the Department's Strategic Plan, the development of the NSS replacement program is well underway. The program is being configured to integrate fully with the City's new human resources and payroll system, Workday. Our NSS programming team is in contact with the Workday team and conducts regular tests of the program interface.

Paragraph 4: In late December 2020, we opened two additional workorders to separate the general use of COVID-19-related overtime. More specifically, to track COVID-19 Testing and Vaccination (CTV) Division labor costs and overtime specific to the vaccination mission.

- (Page 10) Paragraph 4: We could have opened additional workorders as needed to differentiate between the various activities involved in operating the test and vaccination sites. Doing so would have added another layer of complexity to an already complicated process of tracking COVID-19 salary costs. The effort required to achieve that level of data granularity would have been wasted on a project that was reimbursed by FEMA as a single cost center. In the future, we will work with our Budget and our Payroll Units to identify activities that might benefit from more specific work orders, tasks, and subtasks.

Recommendation 5: The Fire Department already uses the functionality of PaySR and is prepared to use the functionality of Workday, to track costs at the level required to meet the reporting needs of the City and reimbursement agencies.

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For nearly a year and a half, the Department has provided COVID testing to our city family and residents. Earlier this year, we began administering vaccinations. To date, we have conducted nearly 4,637,000 tests and provided almost 1.4 million vaccinations.

I am tremendously proud of the men and women of the Los Angeles City Fire Department for their efforts in protecting the people of Los Angeles from the effects of the coronavirus pandemic.

Sincerely,

A handwritten signature in black ink that reads "Ralph M. Terrazas". The signature is written in a cursive style with a prominent initial "R".

RALPH M. TERRAZAS

Fire Chief