

Final Audit Follow-Up

As of September 30, 2017



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Audit of Public Works Overtime

(Report #1618, Issued August 12, 2016)

Report #1803

December 5, 2017

Summary

This is the second and final follow-up on the Audit of Public Works Overtime (report #1618, issued August 12, 2016). Ten action plan steps were established to address issues identified in that audit. Nine of the action plan steps had been completed as of March 31, 2017, and the final action plan step was completed during the follow-up period ended September 30, 2017.

In audit report #1618, we noted that, in general, timesheets were completed in accordance with City requirements and overtime was calculated and paid in accordance with the Fair Labor Standards Act (FLSA) and City policies and procedures. Furthermore, our review showed that the City's overtime policies and procedures were generally consistent with the processes employed by other jurisdictions and with the requirements of the FLSA. However, we did identify some areas in which policy and procedure enhancements should be considered. In response, management of the Human Resources and Workforce Development department, and the three departments which now have employees who are responsible for public works functions, developed a total of ten action plan steps.

As shown in our first follow-up report (#1714), nine of the ten action plan steps were completed as of March 31, 2017. The final action plan step, relating to the Underground Utilities and Public Infrastructure department's establishment of an internal overtime policy, was completed during the follow-up period ended September 30, 2017. Table 1 of this report provides additional details

on the status and completion of each of the action plan steps.

We appreciate the cooperation and assistance provided by the Underground Utilities and Public Infrastructure department during this follow-up audit.

Scope, Objectives, and Methodology

We conducted this audit follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit follow-up objectives.

Original Report #1618

The scope of report #1618 focused on overtime compensation provided during the period October 1, 2011, through September 30, 2015, to Public Works department employees.

The objective of the audit was to answer the following two questions:

- What might be done to reduce the overtime charges incurred by the City's Public Works employees?
- Are records supporting overtime accurate and complete, and was overtime calculated and

paid in accordance with the FLSA and City policy and procedures?

To address the stated objectives, we performed various audit procedures, including, but not limited to:

- Analyzing overtime earnings and performing tests of weekly timesheet records; and
- Reviewing City timekeeping processes and control activities relevant to the authorization, calculation, and recording of overtime paid to Public Works employees.

The City implemented MyTime, a new timekeeping system, on October 31, 2015. As a part of our initial audit, we obtained an understanding of MyTime sufficient to determine its impact on our audit recommendations relative to the correction of any noted Public Works timesheet process issues.

Report #1803

This is our second and final follow-up on action plan steps identified in audit report #1618. The purpose of this audit follow-up is to report on the progress and status of the efforts to complete the one remaining action plan step. To determine the status of the action plan step, we interviewed applicable staff and obtained and reviewed relevant documentation.

Background

Until reorganization in January 2016,¹ the City operated a Public Works department comprised of two major divisions: Capital Programs and Operations. The Capital Programs division, consisting of five functional units, was responsible for the design and construction of many of the City's capital projects. The Operations division, consisting of seven functional units, was responsible for maintaining the City's street system and storm drainage infrastructures, right-of-way, and traffic signal system.

From October 1, 2011, through September 30, 2015, the City paid to Public Works employees

approximately \$46.3 million in salaries and wages, including approximately \$3.1 million in overtime payments, making it the fourth highest overtime disbursing department in the City during this period.

In audit report #1618, we noted that, in general, timesheets were completed in accordance with City requirements and overtime was calculated and paid in accordance with the Fair Labor Standards Act (FLSA) and City policies and procedures. Furthermore, our review showed that the City's overtime policies and procedures were generally consistent with the processes employed by other jurisdictions and with the requirements of the FLSA. However, our review did identify some areas in which policy and procedure enhancements and other corrective actions would allow the City to better control, reduce, and document overtime and associated costs. In the audit report, we recommended:

- The City amend its overtime policy (APP 704.05) to require that: (1) Applicable City departments each adopt, subject to review and approval by the City's Human Resources department, an internal policy describing the circumstances under which overtime authorization is appropriate and inappropriate; (2) When not otherwise apparent or otherwise documented, documentation be prepared and retained to explain and justify the necessity for overtime worked; and (3) Applicable City departments each adopt internal procedures which specifically assign the responsibility for budgetary management and control of overtime.
- The City provide department directors with a quarterly report showing the amount of overtime that has been worked during the fiscal year to date by each department employee. We recommended that this report be used by management to better ensure that requests for approval of recurring overtime assignments are submitted (and approved) as required by City policies and procedures.

¹ In January 2016, a reorganization of the City resulted in the reassignment of the various functional units in Public Works to the Underground

Utilities and Public Infrastructure department, Electric Utility department, and the Community Beautification and Waste Management department.

- Where possible, certain clerical tasks traditionally performed by Public Works crew members (who have often worked significant overtime) be assigned to administrative or clerical staff.
- The City provide cross-training to staff so that assistance is available when needed to supplement specialized crews, such as the painting crew (responsible for street striping and markings) and the road resurfacing crew.
- The City ensure timesheet records are retained in accordance with the federal, state, and City record retention requirements.

required by the FLSA and City policies. All ten action plan steps were due for completion on or before March 31, 2017.

In our initial follow-up report (#1714, issued June 22, 2017), nine of those action plan steps were reported as complete and one was reported as in-progress. The in-progress step, relating to the Underground Utilities and Public Infrastructure department’s establishment of an internal overtime policy, was completed during this follow-up period. Table 1 below provides additional details on the status and completion of each of the action plan steps.

Previous Conditions and Current Status

In report #1618, nine of ten action steps were developed to enhance controls and reduce overtime charges incurred in connection with Public Works activities. The tenth action plan step addressed retention of timekeeping records as

**Table 1
Action Plan Steps from Audit Report #1618
Current Status of Steps Due for Completion as of September 30, 2017**

Action Plan Steps Due as of September 30, 2017	Current Status
Objective A: Improve control over overtime charges.	
<i>Human Resources & Workforce Development</i>	
1) Amend APP 704.05 to require applicable City departments to each adopt an internal policy to: <ol style="list-style-type: none"> Describe the circumstances under which the authorization of overtime is appropriate and the circumstances under which overtime should not be authorized; Require overtime authorization, when not otherwise readily apparent or documented, be documented and that the documentation be retained and used to explain and justify why the overtime was necessary; and Specifically assign to the department director or the director’s designee, responsibility for the budgetary management and control of overtime. 	✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.

<i>Underground Utilities & Public Infrastructure</i>	
<p>2) Submit internal department overtime policies to Human Resources and Workforce Development for review. These internal departmental overtime policies will:</p> <ul style="list-style-type: none"> a. Generally describe the types of operational circumstances under which the authorization of overtime is appropriate; b. Require overtime authorization, when not otherwise readily apparent or documented, be documented and that the documentation be retained and used to explain and justify why overtime was necessary; and c. Specifically assign the department director, or the director's designee(s), responsibility for the budgetary management and control of overtime. <p>In adopting these policies, consideration will be given to balancing the cost of overtime with other fiscal, operational, public safety, and customer service requirements. These departmental internal policies will be reviewed and approved by the City's Human Resources and Workforce Development department prior to implementation.</p>	<p>✓ Completed in the current follow-up period. Underground Utilities and Public Infrastructure (UUPI) developed an internal overtime policy addressing the circumstances under which the authorization of overtime is appropriate, the documentation required for the justification of overtime, and the specific assignment of responsibility for budgetary management and control of overtime to each division manager and the general manager. In accordance with City Administrative Policy and Procedure Section 701.05C, the UUPI internal overtime policy was submitted for review and approved by the Human Resources and Workforce Development director. The approved policy is posted on the UUPI department's policies page on the City's intranet.</p>
<p>3) Obtain a quarterly report showing the amount of overtime that has been worked during the fiscal year to date by each employee. This report will be used to better ensure that requests for approval of recurring overtime assignments are submitted (and approved) as required by City policies and procedures. This report will also be used to monitor overtime and assist department management in timely identifying areas in which changes in staffing, duties, and training may be beneficial.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>
<p>4) Administrative duties and data capture requirements will be reviewed and assigned to field or office staff as appropriate for accurate data capture and operational effectiveness and efficiencies.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>
<p>5) Consideration will be given to cross-training employees so that others will be available when needed to perform paint crew and resurfacing inspection duties.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>

<i>Electric Utility</i>	
<p>6) Submit internal departmental overtime policies to Human Resources and Workforce Development for review. These internal departmental overtime policies will:</p> <ul style="list-style-type: none"> a. Generally describe the types of operational circumstances under which the authorization of overtime is appropriate; b. Require overtime authorization, when not otherwise readily apparent or documented, be documented and that the documentation be retained and used to explain and justify why the overtime was necessary; and c. Specifically assign to the department director or the director's designee(s), responsibility for the budgetary management and control of overtime. <p>In developing these policies, consideration will be given to balancing the cost of overtime with other fiscal, operational, public safety, and customer service requirements. These departmental internal policies will be reviewed and approved by the City's Human Resources and Workforce Development department prior to implementation.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>
<p>7) Obtain a quarterly report showing the amount of overtime that has been worked during the fiscal year to date by each department employee. This report will be used to better ensure that requests for approval of recurring overtime assignments are submitted (and approved) as required by City policies and procedures. This report will also be used to monitor overtime and assist department management in timely identifying areas in which changes in staffing, duties, and training may be beneficial.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>
<i>Community Beautification & Waste Management</i>	
<p>8) Adopt internal departmental overtime policies to:</p> <ul style="list-style-type: none"> a. Generally describe the types of operational circumstances under which the authorization of overtime is appropriate and the types of operational circumstances under which overtime should not be authorized; b. Require overtime authorization, when not otherwise readily apparent or documented, be documented and that the documentation be 	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>

<p>retained and used to explain and justify why the overtime was necessary; and</p> <p>c. Specifically assign to the department director or the director’s designee, responsibility for the budgetary management and control of overtime.</p> <p>In adopting these policies, consideration will be given to balancing the cost of overtime versus other fiscal impacts, public safety, customer service, and overtime for work that can be deferred without significant consequence. These departmental internal policies will be reviewed and approved by the City’s Human Resources and Workforce Development department prior to implementation.</p>	
<p>9) Obtain a quarterly report showing the amount of overtime that has been worked during the fiscal year to date by each department employee. This report will be used to better ensure that requests for approval of recurring overtime assignments are submitted (and approved) as required by City policies and procedures. This report will also be used to monitor overtime and assist department management in timely identifying areas in which changes in staffing, duties, and training may be beneficial.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>
<p align="center">Objective B: Ensure records supporting overtime are accurate and complete, and retained in accordance with FLSA and City policies and procedures.</p>	
<p align="center"><i>Human Resources & Workforce Development</i></p>	
<p>10) Timesheet records will be maintained in accordance with federal, state, and City record retention requirements.</p>	<p>✓ Completed in the prior follow-up period, as shown in audit follow-up report #1714.</p>

Table legend

- ✓ Issue addressed and resolved

Conclusion

Table 1 above shows each of the ten action plan steps established to address issues identified in audit report #1618. As shown by Table 1, nine of ten action plan steps were completed as reported in prior audit follow-up report #1714. The final step was resolved during this follow-up period and relates to the establishment of an internal overtime policy for the Underground Utilities and Public Infrastructure department.

We appreciate the cooperation and assistance provided by the Underground Utilities and Public Infrastructure department during this follow-up audit.

Appointed Official's Response

We appreciate the thoroughness, diligence and assistance of the Auditor's Office in both the original audit and this final follow-up audit. Personnel costs are a significant portion of the cost of the City's operations. I am glad the audit verified that, in general, timesheets were completed in accordance with City requirements and overtime was calculated and paid in accordance with the Fair Labor Standards Act. The recommended action items have been applied to all utilities and public infrastructure operations going beyond the scope of the original audit of the former Public Works department. These improvements have served to enhance the overtime pay policies and procedures.

Copies of this Follow-Up Audit Report #1803 or the initial audit report #1618 may be obtained from the City Auditor's web site (<http://www.talgov.com/transparency/auditing-auditreports.aspx>), via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (auditors@talgov.com).

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