City Overtime/Compensatory Time Audit

Objective: The objective of this audit was to determine whether overtime, compensatory time practices, compensatory time cash-ins and modified duty overtime restrictions complied with City policies and procedures and to determine the effectiveness of the City's overtime and compensatory time expense monitoring and management.

Scope and Methodology: Scope includes overtime and compensatory expense data within the City's New World enterprise software from January 1, 2022 through December 31, 2022 and associated detailed timekeeping information within the City's TimeClock software. To achieve the stated objectives, I reviewed applicable federal and state regulations, City policy and comparative city policies, tested modified duty employees for overtime, reviewed special event practices in Police, scheduled observation times for various departments and central payroll for entry processes on consecutive pay periods, analyzed overtime and compensatory time to determine high users, reason codes, trends and potential cost drivers, compensatory cash-ins, percentages of overtime to gross pay for high percentages and created a supervisory survey for supervisors for their input about overtime and compensatory time practices.

Background: The City of Bowling Green is a service based municipality and our largest expenditure is personnel related each year. According to the Department of Finance, in FY2022, personnel related costs increased $3,214,000 to a total of $47,035,000, of which overtime totaled $4,161,000. Within the first six months of FY2023, total personnel costs were up 8.5% compared to the same point last year with a total of $2,378,000 in overtime.

What works well? All employees utilize the City's TimeClock software to account for worked time, supervisors approve the time, department heads review and approve at a departmental level and central payroll does a final review for any irregularities. The time is uploaded into the City's enterprise software solution to process payment and duties are segregated appropriately to ensure correct pay rates and calculations. Finance has provided templates to assist departmental staff in complex schedule areas such as Fire's 24/48 hour scheduling to ensure the correct overtime rates are used.

Compensatory time is included in the City's software systems with the same approvals and review as all other time. The City has maximum accruals formalized in policy and is in compliance with policy. Quarterly Cash-In's are available for employees eligible for overtime, occur on a quarterly basis and is in compliance with policy.

Opportunities for Improvement Modified duty restrictions on overtime accruals are not fully in compliance. This is most likely a training issue where supervisors may not be aware of the restriction. As part of this audit, a survey was sent to various supervisors through city operations and almost 60% stated that they have never attended a training to help supervisors with overtime/compensatory time monitoring and management. **Management should create a targeted training and/or templates for supervisors to provide tips and information for payroll related needs such as modified duty, overtime, and compensatory time.**

The City does not have any policy limits on the number of hours an employee can work without a break or day off. Public safety, such as police and fire, are especially critical in fatigue, alertness and safety related concerns with stressful positions. Many employees also work secondary jobs that could also add to this risk. Some overtime work is unavoidable, especially in the current labor market; however, **formal policy limits will create a cap that would require department head approval to exceed in emergency situations.**

Public safety departments rely heavily on notes within TimeClock segments to indicate reasons for overtime and callback time, but those notes do not transfer to the City's Enterprise software system. The note system documents reasons adequately, but requires management review and approval within TimeClock. The Fire Department does not utilize the management approval process within TimeClock as the Office Associate performs this function. Management approves daily rosters, but other hours outside of shift are also worked routinely . **The Fire Department should reconsider utilizing TimeClock approvals to involve supervisory review of all hours worked and applicable notes.**

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