



CITY OF ATLANTA
City Auditor's Office
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February 2019

Performance Audit:

Citywide Overtime

What We Found

The city's overtime spending increased each year over the past six years, exceeding \$58 million in fiscal year 2018, more than doubling that of fiscal year 2013. Atlanta does not use historical spending to estimate future overtime, relying instead on position vacancies to cover costs. Six departments were responsible for 98% of the citywide overtime expense in fiscal year 2018. The police department accounted for 43% of the citywide overtime during 2018. Five other departments—fire, watershed management, public works, corrections, and aviation—accounted for an additional 55% of the overtime expenses.

The citywide trend in monthly overtime spending from between January 2015 and December 2018 does not support the explanation from city officials that overtime was driven by special events. We also did not find a relationship between vacancies and overtime, except in the fire department. Although the police department's overtime expenses increased markedly since 2015, the department significantly decreased overtime spending beginning February 2018, showing that overtime costs can be appropriately managed and reduced.

The Atlanta Police Department paid employees more generous overtime rates than the FLSA (Fair Labor Standards Act) requires. The department pays some officers overtime rates after working 160 hours, rather than after the 171-hour threshold established by the FLSA. The department also allows leave time to count toward hours worked to reach the overtime threshold. According to the law department, these practices do not violate the FLSA, but counting paid leave toward the overtime threshold is improper according to city code and departmental standard operating procedures.

The city incorrectly classified the FLSA statuses of 144 employees—24 non-exempt employees were incorrectly classified as exempt—who were not compensated with overtime. An additional 120 employees were incorrectly classified as non-exempt and were paid almost \$1 million in overtime during 2017.

Why We Did This Audit

We undertook this audit because the city spent \$54.2 million on overtime in fiscal year 2017, double the amount spent in 2013. We assessed overtime spending patterns and examined controls over the use and distribution of overtime.

What We Recommended

To continue to reduce and manage overtime expenses, ensure the city follows federal labor laws and city code regarding overtime administration, and improve transparency and efficiency, we recommend:

The chief operating officer:

- enforce the monitoring and reporting of overtime expenses compared to budgeted amounts and require departments to report the information to City Council during quarterly updates

The police chief:

- monitor overtime hours worked by police sergeants and ensure they comply with current policies and procedures
- enforce FLSA and city policies by paying sworn officers for premium overtime after employees have worked 171 hours

The human resources commissioner:

- verify that all FLSA statuses are accurate in Oracle according to the job classification table and FLSA

The human resources commissioner work with the chief information officer to:

- create controls within Oracle to standardize FLSA statuses based on job positions

The chief operating officer and the human resources commissioner compel departments to:

- maintain documentation to support prior approval and justification of overtime
- develop and implement transparent processes to ensure employees doing the same work have an equal opportunity for overtime

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Management Responses to Audit Recommendations

Summary of Management Responses

Recommendation #1:

We recommend the chief operating officer enforce the monitoring and reporting of overtime expenses compared to budgeted amounts and require departments to report the information to City Council during their quarterly updates.

Response & Proposed Action:

Legislation was passed in 2018 that requires the CFO to provide a report to FEC of all overtime worked, and the amount of hours paid by every City department on a quarterly basis. APD created a unit in June 2018 to closely monitor overtime and to track overtime expenses. APD's OT has been reduced 60% from July-November 2018. The COO will work with the CFO and departments to ensure this information is captured and conveyed not only to FEC, but to all of City Council during quarterly updates.

Agree

Timeframe: March 2019

Recommendation #2:

We recommend the police chief monitor overtime hours worked by police sergeants and ensure employees comply with current overtime policy and procedures.

Response & Proposed Action:

APD created a unit in June 2018 to closely monitor overtime and to track overtime expenses. OT has been reduced 60% from July-November 2018.

Agree

Timeframe: June 2018

Recommendation #3:

We recommend the police chief enforce the new policy to measure productivity associated with overtime hours approved and earned and manage the use of overtime.

Response & Proposed Action:

APD developed a new policy to address overtime productivity (APD.SOP.2052 Overtime Accountability and Tracking). The policy is very detailed, and there are multiple checks and balances to ensure compliance.

Agree

Timeframe: July 17, 2018

Recommendation #4:

We recommend the police chief enforce FLSA and city policies by paying sworn officers for premium overtime after employees meets the 171 hours worked.

- a. The overtime calculation should not include leave taken as hours worked.

Response & Proposed Action:

APD has created a specific unit to track overtime, and overtime has been utilized in a manner that ensures consistent and comprehensive coverage throughout the City to ensure the safety of the public.

Agree

Timeframe: Ongoing

Recommendation #5: We recommend the police chief work with human resources and the chief information officer to configure work schedules in Kronos and enforce the rules once in place.

Response & Proposed Action: APD schedules change daily, for example: attending court, staying late for a 911 call, SWAT call backs, special crime fighting details, and major crime investigations. For non-exempt employees a set schedule is impractical as it requires too many adjustments. HR will explore capabilities in relationship between new ATL Cloud and Kronos systems and will work with the police chief to determine feasibility of the recommendation.

Timeframe: Ongoing/HR research completed by 3/1/19

Partially Agree

Recommendation #6: We recommend the human resources commissioner verify that all FLSA statuses are accurate in Oracle according to the job classification table and FLSA requirements.

Response & Proposed Action: This recommendation is currently underway; Department of Human Resources is currently running reports of all positions to ensure accuracy in the new ATL Cloud system.

Timeframe: 3/1/19

Agree

Recommendation #7: We recommend the human resources commissioner work with the chief information officer to create controls within Oracle to standardize FLSA status based on job positions.

Response & Proposed Action: The Chief Information Officer will work with the HR Commissioner to implement controls within Oracle that standardize FLSA status to City job positions. The HR Commissioner will provide information on City job positions so that AIM can ensure accuracy in Oracle once implemented.

Timeframe: March 2019

Agree

Recommendation #8: We recommend the chief operating officer and the human resources commissioner compel departments to maintain documentation to support prior approval and justification of overtime hours.

Response & Proposed Action: The HR Commissioner will develop an SOP to be utilized across the city that will require all departments to submit documentation for prior approval for all overtime hours. Included in the SOP will be instructions to provide for a streamlined process of submission across the city. The COO will ensure all departments are aware of the SOP and are clear on its purpose and use.

Timeframe: 3/18/19

Agree

Recommendation #9: We recommend the chief operating officer and the human resources commissioner compel departments to develop and implement transparent processes to ensure employees doing the same work have an equal opportunity for overtime.

Response & Proposed Action: Include in comprehensive SOP as described in Recommendation #8

Timeframe: 3/18/19

Agree