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**TO:** Honorable Mayor, City Council President, and members of the City Council:  
**FROM:** Amanda Noble, City Auditor   
**DATE:** May 21, 2018  
**SUBJECT:** Interim Report on Citywide Overtime

We prepared this memorandum in response to a request from the chair of the Finance/ Executive Committee to use during budget deliberations. The purpose of this memo is to communicate initial results from our performance audit of citywide overtime. We reviewed patterns in overtime spending citywide, by department, and by employee, and began examining controls over the use and distribution of overtime. We reviewed city and department expenses between FY13 - FY17 and employee overtime earnings in CY16 and CY17. We plan to release the full report in October.

Our initial analyses show that citywide overtime expenses have increased each year over the past five years, more than doubling from FY13 to FY17 and reaching over \$50 million by FY17. Almost all the overtime expense occurred in six city departments, with the Atlanta Police Department accounting for almost half of the FY17 citywide total overtime expense. The five departments that made up most of the remaining half of the budget were Atlanta Fire and Rescue, Watershed Management, Public Works, Corrections, and Aviation. None of those departments' overtime expense have increased to the same extent as the Police Department's. The Atlanta Police Department's overtime expenses were the highest in the city during each of the five years except FY13. The Police Department's overtime costs underwent its largest increase from FY15 to FY16, increasing by 87% and raising the citywide expense by 40%. Overall, the city does not appear to budget appropriately for overtime; the budgeted amounts increased by 18% from FY13 to FY17, while overtime expenses increased 106% in the same time period.

The Police Department pays overtime more generously than the FLSA (Fair Labor Standards Act) requires, by allowing some employees to earn overtime before reaching 171 hours worked in a 28-day period, as provided by FLSA for public safety employees. Police Department staff told us they relaxed the overtime policy to provide resources for specific crime initiatives.

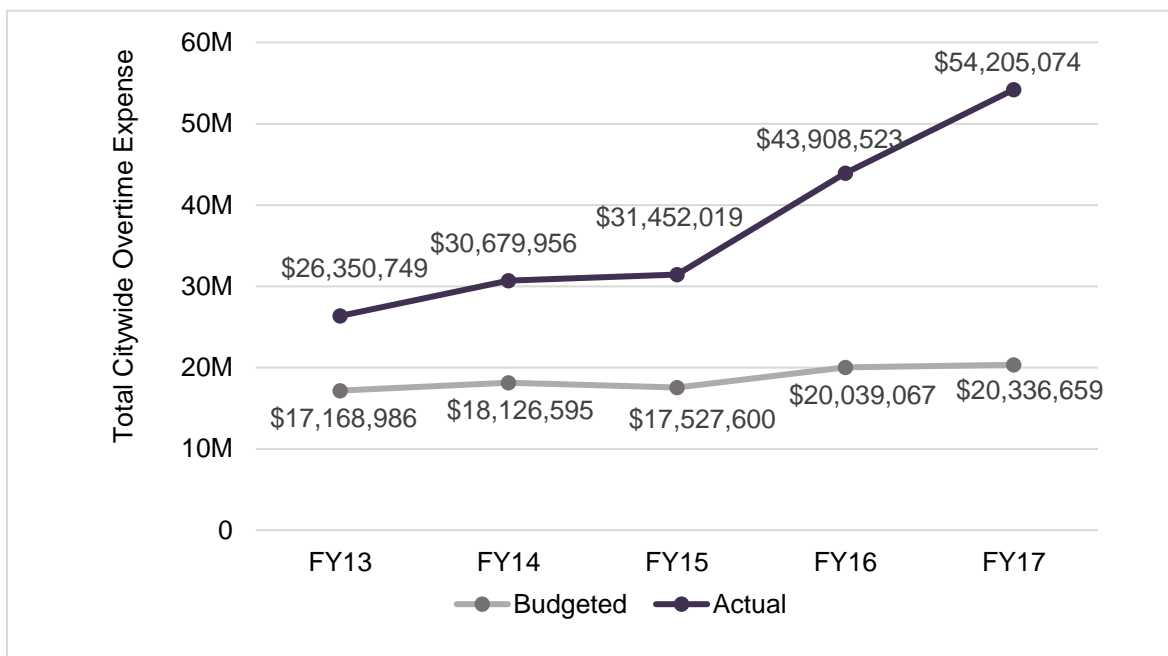
Earlier this year, the administration asked all departments to review overtime usage and identify efficiencies that could be achieved without impacting front line services. The administration reports that data points for April and May show a reduction in total overtime costs of nearly 18% since this effort was initiated, including a reduction in APD overtime of more than 25%.

### Citywide Overtime Expenses Have More than Doubled from FY13 to FY17

The city spent \$54.2 million on overtime in fiscal year 2017, increasing 106% from the \$26.4 million spent during fiscal year 2013 (see Exhibit 1). The city’s overtime expenses grew an average of 20.5% each year. The largest growth in overtime expenses was the \$12.5 million (40%) increase in expenses that occurred between fiscal years 2015 and 2016.

Over the same period, departments budgeted \$17.2 million to be spent in overtime expenses in fiscal year 2013, which only grew to \$20.3 million by fiscal year 2017 - an average 4.5% increase each year. The variance between actual and budgeted overtime expenses increased from 54% to 167% over the five years, indicating some departments may not consider historical actuals when budgeting for future overtime expenses.

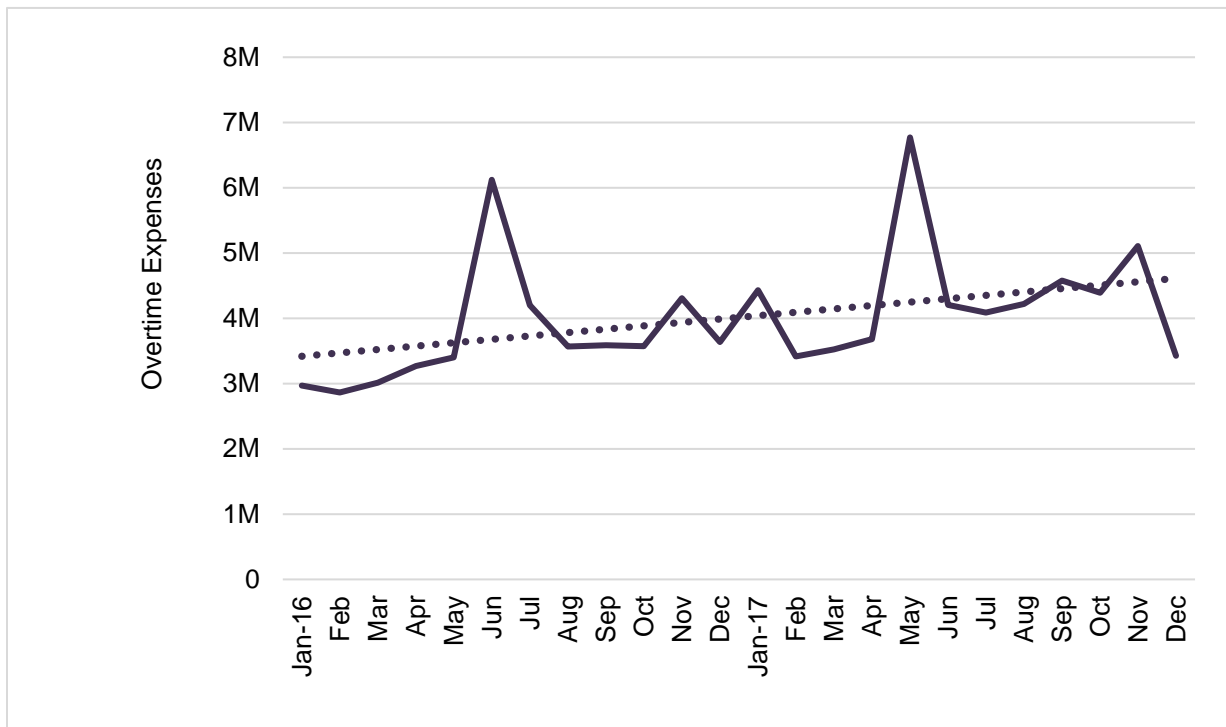
**Exhibit 1: Citywide Overtime Expenses Doubled, While Budgeted Expenses Remained Flat**



**Source:** Auditor’s analysis based upon the Trial Balance and Funds Available reports from fiscal years 2013 to 2017.

While sources linked overtime to specific events such as protests, sporting events, and visits from presidential candidates, overtime paid to employees by month appeared to have generally increased from January 2016 through December 2017. The pattern does not appear to be consistent with event-based overtime (see Exhibit 2). The spikes in overtime paid in June 2016, May 2017, November 2016, and November 2017, correspond to months in which three pay periods ended. The 26<sup>th</sup> pay period in 2017 ended December 13<sup>th</sup>, therefore December 2017 only included one pay period, which is the reason for the apparent decrease in overtime. Payroll data does not show when the overtime was earned.

**Exhibit 2: Overtime Expenses Do Not Appear to be Event-Based (January 2016-December 2017)**

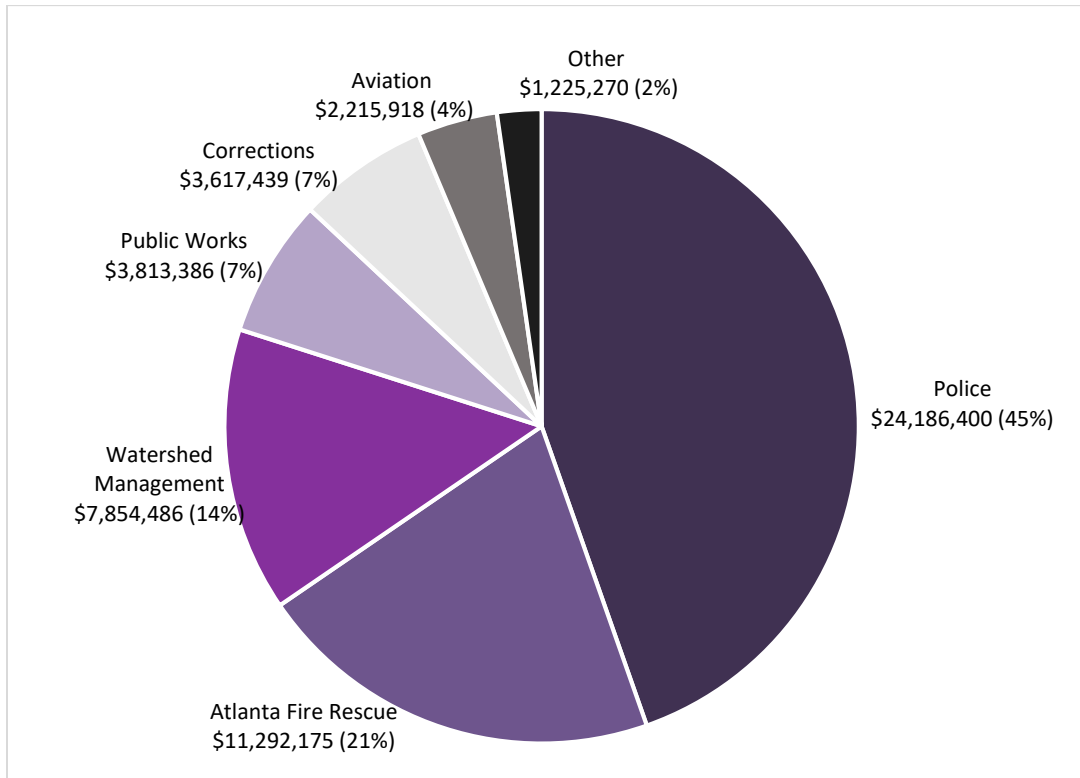


**Source:** Auditor’s analysis using the Balance Classification reports from January 2016 through December 2017.

**Atlanta Police Department Accounts for Almost Half of Citywide Overtime Expense**

Citywide overtime expenses increased in most departments between fiscal years 2013 through 2017; however, the Atlanta Police Department’s overtime expenses were the highest in the city during each of the five years except FY13 (see Appendix A). The Atlanta Police Department spent over \$24 million for overtime during fiscal year 2017, which accounted for 45% of the citywide overtime in the year. Five other departments - Atlanta Fire and Rescue (\$11.3 million), and the Departments of Watershed Management (\$7.9 million), Public Works (\$3.8 million), Corrections (\$3.6 million) and Aviation (\$2.2 million) - accounted for an additional 53% of the overtime expenses. These six departments represent almost 98% of all overtime expenses paid during fiscal year 2017 (see Exhibit 3). All six of these departments have operations that can run 24 hours, seven days per week.

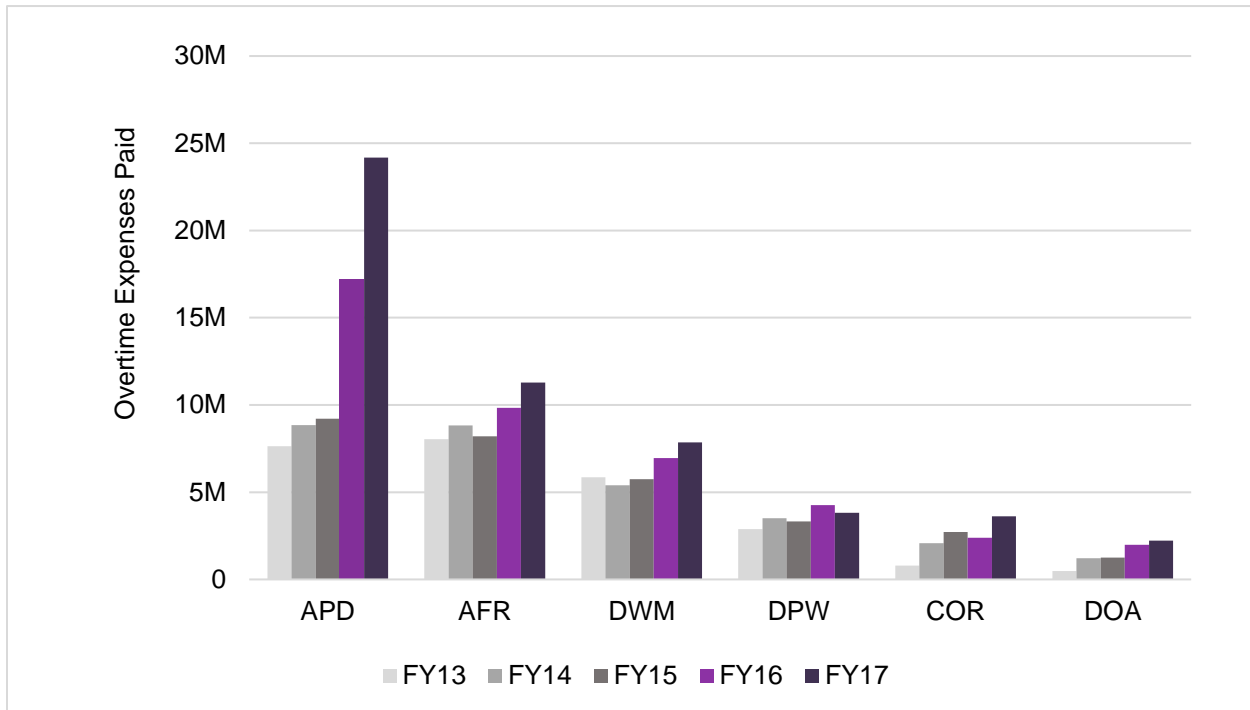
**Exhibit 3: APD Accounted for 45% of Overtime Expenses Paid During Fiscal Year 2017**



**Source:** Auditor's analysis of overtime expenses from the Trial Balance report for fiscal year 2017.

The Atlanta Police Department's overtime expenses more than tripled from fiscal years 2013 to 2017. Overtime expenses increased from \$7.6 million in fiscal year 2013 to \$24.2 million during fiscal year 2017. The department's overtime spending increased 87% between fiscal years 2015 and 2016, when overtime expenses increased by almost \$8 million (see Exhibit 4). According to a media article from October 2015, the Mayor made a statement regarding overtime being used to combat crime, which could account for the Atlanta Police Department's increase in overtime expenses. In his statement, former Mayor Reed stated that the normal overtime holiday plan would go into effect early and would continue until "we turn around this violence." In response, former Police Chief Turner stated that police officers would be able to extend shift hours two to four hours so that the city could have additional resources to deal with crime.

Exhibit 4: Overtime Expenses Rose By 217% in APD Over the Past Five Years



Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal years 2013-2017.

The remaining top five departments had increases that ranged from 32% to 363% over the same period. The Departments of Corrections and Aviation increased overtime spending by \$2.8 million (361%) and \$1.7 million (363%), respectively, from fiscal years 2013 through 2017 (see Exhibit 5). Public Works decreased overtime expenses from FY16 to FY17.

Exhibit 5: Overtime Expenses Increased By 32% - 363% Over Five Years

Department	Overtime Expenses					Percent Change
	FY13	FY14	FY15	FY16	FY17	
Police Department	\$7,634,736	\$8,844,298	\$9,217,590	\$17,210,193	\$24,186,400	217%
Atlanta Fire Rescue	\$8,045,116	\$8,826,160	\$8,200,887	\$9,828,057	\$11,292,175	40%
Watershed Management	\$5,849,106	\$5,406,761	\$5,753,039	\$6,949,238	\$7,854,486	34%
Public Works	\$2,885,003	\$3,511,231	\$3,323,817	\$4,254,125	\$3,813,386	32%
Corrections	\$785,375	\$2,070,870	\$2,722,141	\$2,383,675	\$3,617,439	361%
Aviation	\$478,398	\$1,207,988	\$1,243,637	\$1,977,935	\$2,215,918	363%

Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal years 2013-2017.

Overtime expenses were 12% or more of total personnel costs in public safety departments (Atlanta Police Department, Atlanta Fire and Rescue and the Department of Corrections) during fiscal year 2017 (see Exhibit 6). In comparison, overtime was 7% of personnel costs in the Departments of Watershed Management and Public Works, and 5% in the Department of Aviation.

**Exhibit 6: Over 12% of CY17 Personnel Expenses Was Paid In Overtime for Public Safety**

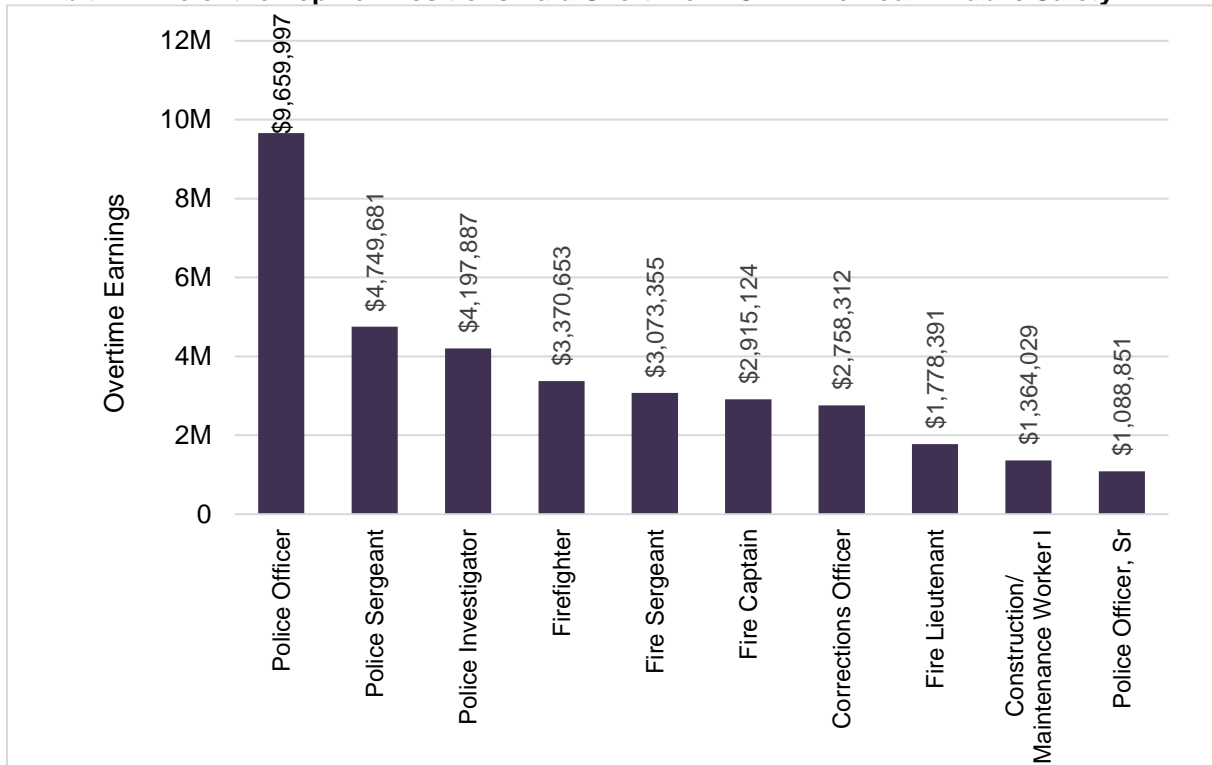
Department	Overtime Expenses	Personnel Expenses	Overtime as % of Personnel Expenses
Police Department	\$24,186,400	\$200,841,907	12%
Atlanta Fire Rescue	\$11,292,175	\$94,398,997	12%
Watershed Management	\$7,854,486	\$110,652,385	7%
Public Works	\$3,813,386	\$55,378,910	7%
Corrections	\$3,617,439	\$24,106,340	15%
Aviation	\$2,215,918	\$48,296,201	5%

**Source:** Auditor's analysis of overtime expenses from the Trial Balance report for fiscal year 2017.

**Positions in the Police Department Had the Highest Overtime Earnings During 2017**

Of the over 900 different position titles within the city, ten positions accounted for almost 68% of all overtime earnings. Nine of the top ten positions earning overtime during calendar year 2017 worked in public safety departments (see Exhibit 7). They accounted for 65.2% of all overtime earnings paid. Employees in the position of police officer earned over \$9.6 million in overtime and accounted for almost 19% of all overtime. One position, the construction/maintenance worker I, is a position in the Departments of Watershed Management, Public Works, Parks and Recreation, and Executive Offices. We found that most of the overtime for this position (83%) was associated with the Department of Watershed Management.

**Exhibit 7: Nine of the Top Ten Positions Paid Overtime in CY17 Worked in Public Safety**



**Source:** Auditor's analysis of overtime earnings from the Balance Classification report for calendar year 2017.

In calendar year 2017, 758 employees earned more than \$20,000 in overtime. Overall, 6,465 employees earned overtime ranging from \$0.02 to \$100,373; 1,828 employees earned up to \$1,000 in overtime during the year. In comparison, 546 employees earned more than \$20,000 in overtime during calendar year 2016, with 2,157 employees earning up to \$1,000. Overtime earnings by employee in calendar year 2016 ranged from \$0.01 to \$95,586.

We identified 113 employees with more than 1,040 hours of overtime during calendar year 2016 and 210 employees with more than 1,040 hours of overtime during calendar year 2017 (see Exhibit 8). Of those employees, 69 worked more than 1,040 of overtime in both calendar years 2016 and 2017. According to the Society for Human Resource Management, more than 20 hours of overtime per week, or 1,040 hours per year, is considered very high. In cases of very high overtime, the organization may want to consider strategies to reduce the overtime burden, such as by adding temporary workers.

**Exhibit 8: Some Employees Averaged More Than 20 Hours of Overtime Every Week**

Department	Overtime Hours	
	CY16	CY17
Atlanta Fire Rescue	42	81
Atlanta Police Department	39	64
Watershed Management	9	33
Corrections	3	20
Aviation	17	3
Public Works	3	9
<b>Total</b>	<b>113</b>	<b>210</b>

**Source:** Auditor’s analysis of overtime hours from Balance Classification reports for calendar years 2016 - 2017.

**Atlanta Police Department Pays Overtime More Generously Than FLSA Requires**

Although city code Sec. 114-133 states that the head of the finance department shall pay employees for overtime work in accordance with the Fair Labor Standards Act, according to the Atlanta Police Department, the city has authorized some overtime to be paid more generously than FLSA mandates. Some overtime programs are paid at the overtime rate of one-and-a-half times the employee’s pay rate after 160 hours are accumulated during the 28-day schedule. These programs do not require total hours worked by the employee, as stated in FLSA, but can include vacation, holiday, and sick leave hours, which may not comply with the department’s standard operating procedures. FLSA provides that for sworn non-exempt employees, overtime begins after the employee has actually worked 171 hours in the 28-day work period; the Police Department’s standard operating procedure aligns with this provision.

According to the Department of Human Resources, the Atlanta Police Department is still using the former Kronos system and processes overtime manually. The system has no built-in controls to prevent paying overtime more generously than required. The Department of Human Resources doesn’t monitor the old Kronos system to ensure accuracy.

## Appendix A: Overtime Spending by Department, FY13-FY17

Department	FY13	FY14	FY15	FY16	FY17
Atlanta Police Department	\$7,634,736	\$8,844,298	\$9,217,590	\$17,210,193	\$24,186,400
Atlanta Fire and Rescue	\$8,045,116	\$8,826,160	\$8,200,887	\$9,828,057	\$11,292,175
Department of Watershed Management	\$5,849,106	\$5,406,761	\$5,753,039	\$6,949,238	\$7,854,486
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Department of Corrections	\$785,375	\$2,070,870	\$2,722,141	\$2,383,675	\$3,617,439
Department of Aviation	\$478,398	\$1,207,988	\$1,243,637	\$1,977,935	\$2,215,918
Department of Parks and Recreation	\$593,739	\$668,185	\$771,479	\$1,005,203	\$955,492
Executive Offices	\$25,396	\$66,004	\$79,302	\$128,608	\$155,440
Judicial Agencies	\$1,657	\$1,023	\$72,425	\$87,509	\$45,535
Department of Human Resources	\$40,577	\$62,101	\$39,603	\$32,575	\$26,946
Department of Finance	\$6,274	\$10,046	\$15,111	\$19,134	\$25,619
Department of City Planning	\$3,520	\$1,229	\$9,628	\$12,926	\$6,464
Department of Procurement	\$402	\$261	\$400	\$8,698	\$4,678
Atlanta Information Management	\$455	\$2,476	\$107	\$9,929	\$4,367
Public Defender's Office	\$0	\$0	\$562	\$0	\$449
Atlanta Citizen's Review Board	\$0	\$0	\$0	\$0	\$216
Department of Law	\$245	\$315	\$912	\$475	\$64
City Auditor's Office	\$0	\$0	\$135	\$0	\$0
Solicitor's Office	\$0	\$616	\$1,243	\$244	\$0
City Council	\$751	\$392	\$2	\$0	\$0
Department of Ethics	\$0	\$0	\$0	\$0	\$0
Citywide	\$26,350,749	\$30,679,956	\$31,452,019	\$43,908,523	\$54,205,074

**Source:** Auditor's analysis of Trial Balance reports from fiscal years 2013 through 2017.