



CITY OF ATLANTA

City Auditor's Office
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Performance Audit:

Timekeeping

What We Found

Federal labor law establishes minimum wage, overtime pay, recordkeeping, and youth employment standards for employees in federal, state, and local governments as well as in the private sector. Specifically, the Fair Labor Standards Act (FLSA) establishes rules for overtime, compensation time for public sector employees, and record keeping requirements. The law specifies employees who are exempt from these standards based on job responsibilities and functions.

We found that city departments have implemented practices that appear to be inconsistent with FLSA. Our analysis of timekeeping records for the first 21 pay periods of 2014 identified nearly 200,000 hours for which non-exempt employees had clocked in beyond their established workweeks and for which they might need to be paid. The absence of a procedural framework and system controls has pushed responsibility for complying with FLSA to individual timekeepers who are ill-equipped to ensure compliance.

We also identified about 7,500 overtime hours over the 21 pay periods that departments, excluding police and corrections, paid at the regular hourly rate rather than the time-and-a-half rate required by FLSA. Most of these hours were in the Department of Watershed Management, the Department of Parks, Recreation & Cultural Affairs, and the Department of Aviation. Departments also recorded more than 20,000 hours of non-exempt non-sworn employees' compensatory accrual at straight time instead of the required time-and-a-half. While the error affected almost 900 employees in 14 departments, 36% of the hours were for employees of the Department of Watershed Management.

City staff corrects payroll records in the financial system without also correcting timesheet records, potentially increasing the city's liability for unpaid time. Departments requested about 6,900 adjustments to time and leave for the first 19 pay periods in 2014 on manual change sheets. Most of the adjustments timekeepers submitted to payroll originated in errors or omissions in timekeeping records. Delays in employees or supervisors accounting for missing time clock entries and for extra time contribute to the need for corrections after payroll closes.

Weak controls and enforcement increase the risk of theft of time. Lead timekeepers in nine departments expressed concern about theft of time alleging that employees have vandalized biometric clocks, unplugged time clocks, and punched the clock for other employees. We are currently investigating the allegations of vandalism.

Why We Did This Audit

We undertook this audit because the city's Integrity Line has received numerous complaints about abuse of time and violation of controls in the city's automated timekeeping system. We focused our review on policies and practices for capturing, recording, and tracking hours worked across city departments. We also assessed whether controls are in place in the timekeeping system to ensure that work hours recorded are accurate and the city complies with the federal Fair Labor Standards Act.

What We Recommended

The commissioners of human resources and law should:

- identify and compensate employees who have not been paid correctly for their hours worked

The commissioner of human resources and the chief information officer should:

- strengthen time and attendance controls in the city's timekeeping management software application
- develop an interface to update employee time records that does not require the use of manual forms
- install security cameras in areas where clock vandalism has occurred

The commissioner of human resources and the chief financial officer should:

- finalize and communicate policies and procedures on overtime and timekeeping policies

The commissioner of human resources should:

- provide training and guidance to departments on proper procedure and accountability for documenting employee time

For more information regarding this report, please use the contact link on our website at www.atlaudit.org.