

**Performance Audit:
Citywide Overtime**

February 2019

**City Auditor's Office
City of Atlanta**

File #18.03



CITY OF ATLANTA
City Auditor's Office
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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 polices 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



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February 18, 2019

Honorable Mayor and Members of the City Council:

We undertook this audit because the city spent \$54.2 million on overtime in fiscal year 2017, double what it spent in fiscal year 2013. We focused on patterns in overtime spending by department and employee and examined controls over the use and distribution of overtime. We completed an interim memorandum for this audit in May 2018, in response to a request from City Council's chair of the Finance/Executive Committee for use during budget deliberations. The results of that memo are incorporated into this report.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Micheal Jones, Coia Walker and Diana Lynn.

Amanda Noble
City Auditor

Chair, Audit Committee

Citywide Overtime

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Introduction

We undertook this audit because the city spent \$54.2 million on overtime in fiscal year 2017, double what it spent in fiscal year 2013. We focused on patterns in overtime spending by department and employee and examined controls over the use and distribution of overtime. We completed an interim memorandum for this audit in May, in response to a request from City Council's chair of the Finance/Executive Committee for use during budget deliberations. The results of that memo are incorporated into this report.

We were unable to assess the relationship between overtime and productivity within city departments, in part, because city systems were unavailable after the March cyberattack and due to insufficient operational data prior to the cyberattack.

We released three previous audit reports in recent years related to employee work hours and pay: Timekeeping, issued May 2015, Compensation, issued October 2015, and Payroll Processing, released June 2018.

Background

The FLSA (Fair Labor Standards Act) of 1938, as amended, provides guidance for the city to compensate employees. FLSA includes information for employers to administer allowable labor practices and protection for employees, as well as penalties against employers who engage in unfair labor practices. The act establishes a minimum wage, sets overtime compensation at time and one-half of the employee's regular rate, and defines which employees are entitled to overtime compensation. It also specifies that the employer is responsible for documenting wages and hours for review.

The commissioner of human resources has the primary responsibility for ensuring compliance with applicable labor laws. Section 114-133 of the city code requires the city's chief financial officer to pay employees for overtime work in accordance with federal labor laws.

FLSA Governs Which Employees Are Eligible for Paid Overtime

Employees governed by FLSA are either “exempt” or “non-exempt.” Non-exempt employees are entitled to overtime pay and exempt employees are not. FLSA requires public employers to:

- pay at least one and one-half times non-exempt employees’ regular rates of pay for all hours worked over 40 in the workweek
- under certain conditions, provide non-exempt employees with compensatory time off at one and one-half hours for each hour worked instead of overtime pay
- comply with recordkeeping requirements

Under FLSA, the city is required to maintain records for each non-exempt employee’s hours worked and wages earned. The records should include hours worked each day, straight-time earnings on a daily or weekly basis, and overtime earnings for the workweek.

Most City Employees Must be Paid for Overtime Hours Worked

Using guidance from FLSA, the Department of Human Resources has designated the majority of city employees (72%) as “non-exempt” employees, as shown in Exhibit 1. These employees are covered under the requirements of the FLSA and required to be paid for overtime hours worked.

Exhibit 1: Most City Employees Are Non-Exempt Under the FLSA

FLSA Status	Number of Employees	Percent
Exempt	2,500	28%
Non-Exempt	6,465	72%

Source: Auditor’s analysis of active employee list as of February 2018

Professional, executive, and administrative employees are exempt from FLSA and, therefore, are not subject to the federal wage and hour requirements. Although exempt employees are ineligible for paid overtime under FLSA, the city code provides that these employees may be given compensatory time for each hour worked beyond the regular work period.

Public Safety Employees Earn Overtime Differently Than Other Employees

Most employees who are eligible for paid overtime begin to earn overtime after 40 hours of regular work; however, FLSA offers special provisions for public safety employees. FLSA allows employees engaged

in fire protection and law enforcement activities to be paid overtime after 212 (fire protection) or 171 (law enforcement) hours worked in a 28-day work period. The hours worked includes actual hours worked for all employees; leave hours taken during the work period do not count toward hours worked to reach the overtime threshold.

The City's Classification Plan Identifies Employee Pay and FLSA Status

The city's pay and classification plan establishes base pay. It also identifies employees as exempt or non-exempt under FLSA. The plan is the city's formal system for classifying positions and compensating employees. It groups like jobs into classifications and assigns each class of positions to an appropriate pay grade. Classifications within a pay grade are intended to have similar duties and require similar levels of training, competencies, knowledge, skills, and abilities. The city code establishes rules and definitions related to compensation, including the pay and classification plan. The commissioner of human resources is primarily responsible for administering and maintaining the classification plan. All changes to the plan, including the reclassification, creation, abolishment, or salary adjustment of a position, must be approved by City Council through ordinances.

Human Resources Established Policies to Govern Overtime

The Department of Human Resources has developed policies that govern attendance and timekeeping, overtime, and compensatory time. The policies are intended to guide departments in applying related city code and other laws and regulations, and are as follows:

Attendance and Timekeeping

- standard workweek is 40 hours, except for most sworn members of the fire department, who work a 53-hour week
- work schedules are determined by the department head in conjunction with the commissioner of human resources and approved by the Mayor

Overtime

- leave used during the 40-hour workweek will not be counted toward the hours worked and cannot be included in the calculation of overtime
- sworn, non-exempt corrections and police employees are compensated at the overtime rate for hours worked over 171 hours within a 28-day work period

- sworn, non-exempt fire employees are compensated at the overtime rate for hours worked more than 212 hours in a 28-day work period
- sworn, non-exempt employees who have worked more than 160, but no more than 171 hours, are compensated at the regular rate with either compensatory time or regular pay
- exempt employees are not eligible for overtime pay

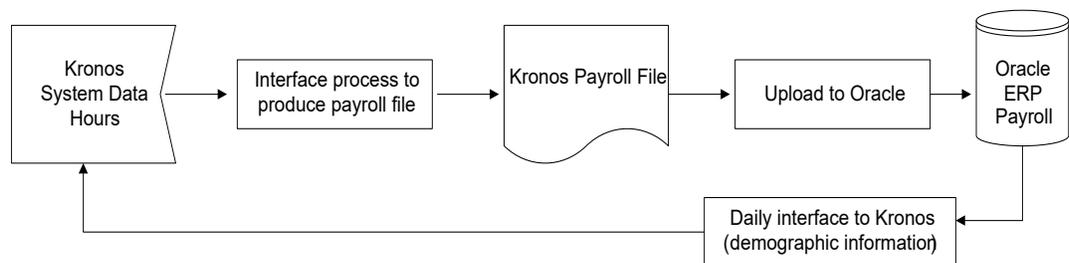
Overtime Earnings Do Not Affect Retirement Benefits

Although some cities allow employees to boost retirement pay by increasing overtime earnings, Atlanta does not. Retirement benefits are calculated using the average of the monthly earnings of the employee’s highest three consecutive years’ salary, according to Section 6-2(d)(4)(i)(c) of the city code. According to Sections 6-91, 6-248, and 6-390, overtime pay is excluded from calculation of benefits. The city code provides that “average monthly earnings,” “total salary or earnings,” and “total salary” exclude overtime pay, salary, or compensation from the calculation of pension benefits and employee contributions to the pension fund.

Atlanta Uses Two Systems to Process Payroll

The city uses two systems to process employee pay—Kronos and Oracle. Kronos is the system of record for timekeeping. Employee timecards are stored in Kronos for collecting time, which is carried out by city departments. Oracle is the city’s financial system and system of record for payroll. Human resource employees enter demographic information into Oracle, including name, status, position, pay location, and compensation rate. A system interface between Oracle and Kronos transfers the demographic information back to Kronos daily, which updates the information (see Exhibit 2). To process payroll on a bi-weekly basis, payroll employees use an interface to transfer timecard data from Kronos to a payroll file and then upload the file to Oracle.

Exhibit 2: Employee Time Is Moved from Kronos to Oracle



Source: *Review of the Oracle ERP First Payroll Run*, City Auditor’s Office, April 2008

Both Kronos and Oracle Are Being Upgraded

The Kronos system was upgraded to version 8 in June 2016. The city also implemented enhanced features starting in February 2017, in which the direct supervisors, rather than timekeepers, are set up in Kronos to manage time for their assigned staff, including entering work schedules, making corrections, and approving time each pay period, including overtime. Many city departments have moved to the new process for timekeeping. As of November 2018, watershed management and public works, as well as public safety departments (fire, police, and corrections), were not using the enhanced features due to the complexities of their schedules.

Some departments operate on 24-hour schedules and have multiple shifts that begin at various times of the day. Also, some of those shifts include the opportunity to earn a shift differential, which is a premium paid for each hour worked outside of normal business hours. The Kronos upgrade includes the ability to automate the tallying of hours associated with a 24-hour schedule and allocate shift differentials. AIM (Atlanta Information Management) staff is working with the remaining departments to transition to the new system.

The city is also in the process of upgrading Oracle to a cloud-based version with an anticipated go-live date of January 2019. Goals for this upgrade include reducing manual transactions, creating more automated workflows, centralizing reporting, and improving processing times.

Audit Objectives

This report addresses the following objectives:

- How much does the city spend on overtime, and how is the overtime expense distributed across departments?
- Does the city comply with FLSA, city code, and departmental policies regarding overtime use and approval of overtime?
- Does the city ensure that eligible employees have an equal opportunity to receive overtime?

Scope and Methodology

We conducted this audit in accordance with generally accepted government auditing standards. We primarily focused on overtime and earnings information for city employees from July 2014 through June 2018.

Our audit methods included:

- Reviewing federal labor laws to understand the provisions of the Fair Labor Standards Act and interviewing staff from the law department to confirm our understanding of its meaning and applicability
- Reviewing city code, human resource policies, and departmental policies to understand processes the city has in place to ensure compliance with the Fair Labor Standards Act
- Interviewing subject matter experts from the six departments with the highest overtime earnings to obtain information on how overtime is approved and allocated
- Analyzing trial balance information from fiscal years 2013-2018 to determine how much the city spent on overtime annually
- Analyzing budget documentation from the city and six peer cities to compare the amounts of overtime budgeted and spent in fiscal years 2015-2017
- Comparing Kronos records to computer-aided dispatch (CAD) records for August 2017 to determine whether the five police officers who earned the highest amounts of overtime in 2017 were responding to or initiating dispatches during overtime hours
- Researching best practices for overtime usage, approval, and allocation
- Matching Kronos records to overtime approval documentation from August 2017 for the five highest overtime earners in each of the six departments with the highest overtime earnings in 2017
- Comparing Oracle reports in February 2018 to the Job Classification Plan from December 2017 to determine exempt status
- Analyzing Balance Classification Reports from January 2015 through December 2018 to determine monthly overtime spending

Generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to

provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Findings and Analysis

Citywide Overtime Spending Is High Compared to Budget and Peer Cities

The city's overtime spending increased each year over the past six years, reaching over \$58 million by fiscal year 2018, which is more than double that of fiscal year 2013. Between fiscal years 2015 and 2017, the increase in Atlanta's overtime spending outpaced six of its peer cities (Houston, Dallas, Philadelphia, Miami, Phoenix, and Washington, D.C.) over the three-year period. The city consistently under-budgeted and overspent compared to the peer cities. Atlanta does not use historical spending to estimate future overtime relying instead on position vacancies to cover costs.

Six departments, driven primarily by public safety, 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 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. While vacancies in the police department increased, most of the growth in overtime preceded the decreased staffing level.

Although the police department's overtime expenses had increased markedly since 2015, the department significantly decreased overtime spending beginning February 2018. Police department staff told us they implemented new policies to help manage overtime more effectively and responsibly. The department's efforts show that overtime costs can be appropriately managed and reduced.

We recommend that the city begin to monitor and report overtime expenses compared to budgeted amounts and require departments to report the information to City Council during their quarterly updates. We also recommend that the Atlanta Police Department monitor the overtime hours worked by police sergeants and ensure employees comply with current overtime policy and procedures.

Citywide Overtime Expenses Have More Than Doubled

The city's overtime spending has increased each year over the past six years, more than doubling from fiscal year 2013 to fiscal year 2018, reaching over \$58 million in fiscal year 2018 (see Exhibit 3). The city's overtime expenses grew an average of 18% each year. The largest growth in overtime expenses was a \$12.5 million increase (40%) that occurred between fiscal years 2015 and 2016.

Exhibit 3: Citywide Overtime Has Doubled While Budgeted Amounts Remain Flat

Source: Auditor's analysis of Funds Available reports from fiscal years 2013 to 2018

The city does not appear to consider historical actuals when budgeting for future overtime expenses. Over the six-year period, the budgeted amounts increased 34% from fiscal year 2013 to fiscal year 2018, while overtime expenses increased 123% during the same period. As shown in Exhibit 3, the gap between budgeted and actual overtime has grown larger each year. Finance department staff told us that the city does not budget for overtime based on prior expenses because departments expect that the amounts budgeted for unfilled positions and vacancies from attrition would cover the overtime expense. Most departments budget vacant positions at 50% of the midpoint salary; police and fire budget vacant positions at 91%.

Atlanta's Overtime Spending Was Higher Than Peer Cities

Between fiscal years 2015 and 2017, Atlanta and six of its peer cities—Houston, Dallas, Philadelphia, Miami, Phoenix, and Washington, D.C.—budgeted between 2% and 6% of personnel costs for overtime. Almost all cities spent more than budgeted during the period, but Atlanta's variance between budgeted and actual overtime was the highest of all seven cities, reaching a high of 156% in 2017. The increase in Atlanta's overtime spending outpaced all other peer cities over the three-year period. We recommend that the city begin to monitor and report overtime expenses compared to budgeted amounts and require departments to report the information to City Council during their quarterly updates.

Atlanta and its peer cities budgeted between 2% and 6% of personnel costs on overtime between fiscal years 2015 and 2017. We compared the percent of personnel costs budgeted for overtime in Atlanta to six cities that were similar in metropolitan area population. As shown in Exhibit 4, all cities budgeted overtime expenses during the three years, from 1.8% to 6.1% of personnel costs. The average budgeted cost of overtime ranged between 3.2% and 3.6% among the six cities over the three years, with Houston budgeting the highest amount of overtime. All seven cities budgeted an average increase of 2.4% from fiscal year 2015 to 2017. Philadelphia budgeted the highest increase of 15.9% from fiscal year 2015 to fiscal year 2017.

Exhibit 4: Atlanta and Peer Cities Budgeted 2–6% of Personnel Costs on Overtime

Source: Auditor’s analysis of budget reports from seven cities for fiscal years 2015–2017

Atlanta spent 8% of its personnel budget on overtime in FY17, compared to an average of 4.8% among the seven cities. Although Houston spent more of its personnel budget on overtime than Atlanta in fiscal years 2015 and 2016, Houston’s overtime expense decreased in 2017. The increase in Atlanta’s overtime expense outpaced Houston and all the other peer cities over the three-year period (see Exhibit 5).

Exhibit 5: Atlanta’s Overtime Spending Outpaced Peer Cities

Source: Auditor’s analysis of budget reports from seven cities for fiscal years 2015–2017

All cities overspent their overtime budgets, but Atlanta had the highest variance. Atlanta’s variance increased each year (see Exhibit 6).

Exhibit 6: Atlanta Had Highest Variance of Budgeted and Actual Overtime

City	Variance Between Overtime Budget and Overtime Expense		
	FY 15	FY 16	FY 17
Atlanta	68%	105%	156%
Houston	15%	14%	30%
Dallas	54%	45%	75%
Philadelphia	32%	36%	27%
Miami	-3%	-4%	64%
Phoenix	26%	35%	40%
Washington, DC	60%	68%	86%
Average Peer Cities	30.5%	32.5%	53.6%
Median Peer Cities	29.0%	35.7%	52.1%

Source: Auditor’s analysis of adopted budgets for fiscal years 2015–2017

As shown in Exhibit 6, six of the seven cities experienced an increase in the variance between budgeted versus actual overtime expense during fiscal year 2017. While the average variance for the peer cities in fiscal year 2017 was 53.6%, the difference between Atlanta's budgeted overtime and actual expense was almost three times that amount, reaching 156%. While departments have been able to use salary savings from funding vacant positions to pay for increases in overtime expenses, the recent growth is unsustainable.

In September 2018, City Council approved legislation that requires the chief financial officer to provide a report of all overtime paid on a monthly basis and a list of employees who received more than 40 hours of overtime per month. We recommend the city enforce the ordinance and begin to monitor and report overtime expenses compared to budgeted amounts and require departments to report the information to City Council during their quarterly updates.

Public Safety Drove Overtime Increases

While six departments were responsible for 98% of the overtime expenses for the city, public safety departments (Police, Fire, and Corrections) spent the most. The Atlanta Police Department was responsible for over \$24 million during each of the last two fiscal years, which was 45% and 43% of the citywide overtime respectively. From July 2012 to June 2018, police's overtime expenses more than tripled; the department increased overtime from \$7.6 million in fiscal year 2013 to \$24.2 million in fiscal year 2018. The department's overtime spending increased 87% between fiscal years 2015 and 2016, increasing by almost \$8 million in one year.

During calendar year 2017, ten positions in the city accounted for almost 68% of all overtime earnings. Nine of the top ten positions earning overtime worked in public safety departments and made up 65.2% of all overtime earnings paid. Police sergeants accounted for over \$4.7 million in overtime expenses. Over 60% of police sergeants had overtime earnings that exceeded 15% of their base annual salaries, which may have been inconsistent with an ordinance the city passed in 2015 to limit overtime to no more than 15% of their annual salary.

Almost all the overtime expense occurred in six city departments, led by public safety departments. Citywide overtime expenses increased in most departments between fiscal years 2013 and 2018. Six departments accounted for 97.8% of overtime expense in fiscal year 2018 (see Exhibit 7). All six of these departments have operations that can run 24 hours per day, seven days per week.

Exhibit 7: Public Safety Drove Overtime Increases

Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal years 2013–2018

Leading the overtime spending was the Atlanta Police Department for which expenses were the highest in the city during each of the six years except fiscal year 2013. The Atlanta Police Department spent over \$24 million on overtime during each of the last two fiscal years; it accounted for 43% of the citywide overtime during 2018 (see Exhibit 8). Five other departments—Atlanta Fire and Rescue and the Departments of Watershed Management, Public Works, Corrections, and Aviation—accounted for an additional 55% of the overtime expenses.

Exhibit 8: APD Spent 43% of Citywide Overtime Expense During FY18

Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal year 2018

The Atlanta Police Department’s overtime expenses more than tripled from fiscal years 2013 to 2018, increasing from \$7.6 million in fiscal year 2013 to \$24.2 million in fiscal year 2018. The department’s overtime spending increased 87% between fiscal years 2015 and 2016, increasing by almost \$8 million in one year (see Exhibit 9).

The remaining departments with the highest overtime expense had increases ranging from 2% to 343% over the same period. The Departments of Corrections and Aviation increased overtime spending by \$2.7 million (343%) and \$1.6 million (333%), respectively. Watershed management significantly decreased overtime expenses from fiscal year 2017 to fiscal year 2018, for a total decrease of almost \$90,000 (2%) over the six years but uses contracted resources to complete routine work.

Exhibit 9: Overtime Expenses Increased by 2%–343% Over Six Years

Department	Overtime Expenses						% Change FY13 to FY18
	FY13	FY14	FY15	FY16	FY17	FY18	
Police Department	\$7,634,736	\$8,844,298	\$9,217,590	\$17,210,193	\$24,186,400	\$24,225,602	217%
Atlanta Fire Rescue	\$8,045,116	\$8,826,160	\$8,200,887	\$9,828,057	\$11,292,175	\$13,851,831	72%
Watershed Management	\$5,849,106	\$5,406,761	\$5,753,039	\$6,949,238	\$7,854,486	\$5,938,806	2%
Public Works	\$2,885,003	\$3,511,231	\$3,323,817	\$4,254,125	\$3,813,386	\$4,945,517	71%
Corrections	\$785,375	\$2,070,870	\$2,722,141	\$2,383,675	\$3,617,439	\$3,480,372	343%
Aviation	\$478,398	\$1,207,988	\$1,243,637	\$1,977,935	\$2,215,918	\$2,069,685	333%

Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal years 2013–2018

Overtime expenses were between 12% and 14% of total personnel costs in public safety departments—police, fire, and corrections—during fiscal year 2018 (see Exhibit 10). In comparison, overtime was 7% of personnel costs in the Department of Watershed Management, 8% in the Department of Public Works, and 4% in the Department of Aviation.

Exhibit 10: Over 12% of FY18 Personnel Expenses Was Paid in Overtime for Public Safety

Department	Overtime Expenses	Personnel Expenses	Overtime as % of Personnel Expense
Police Department	\$24,225,602	\$201,257,061	12%
Atlanta Fire Rescue	\$13,851,831	\$104,127,120	13%
Watershed Management	\$5,938,806	\$88,027,798	7%
Public Works	\$4,945,517	\$63,125,782	8%
Corrections	\$3,480,372	\$24,903,327	14%
Aviation	\$2,069,685	\$47,721,553	4%

Source: Auditor’s analysis of overtime expenses from the Trial Balance report for fiscal year 2018

Public safety positions accounted for 9 of 10 positions with the highest overtime in 2017. Of more than 900 different position titles within the city, ten positions accounted for almost 68% of all overtime earnings during calendar year 2017. Nine of the top ten positions earning overtime worked in public safety departments (see Exhibit 11).

Exhibit 11: 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

Public safety positions accounted for 65% of all overtime earnings paid during the year. Employees in the position of police officer earned over \$9.6 million in overtime, which accounted for almost 19% of all overtime. The position of construction/maintenance worker I is used by watershed management, public works, parks and recreation, and executive offices. We found that most of the overtime paid for this position (83%) was associated with the Department of Watershed Management.

Over 60% of police sergeants earned overtime amounts that exceeded 15% of their base annual salaries. In 2017, 139 of 227 police sergeants earned more overtime than allowed by an ordinance that caps overtime earnings at 15% of their annual salary (see Exhibit 12). Twelve sergeants earned more than 75% of their annual salaries in overtime, including one who earned almost 110%. According to an interview with

police staff, the department was not formally monitoring overtime to ensure compliance with the ordinance.

Exhibit 12: Over 60% of Sergeants Earned More Than 15% of Their Annual Salary in Overtime

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

Ordinance 15-O-1555 states that sergeants shall not be approved to work overtime that would result in payments of more than 15% of their annual base salary, unless management determines that there is a short-term need for overtime. In May 2018, the police chief sent an email to all sergeants stating that the sergeant overtime expenditures were markedly high without supporting documentation.

We recommend that the Atlanta Police Department monitor overtime hours worked by police sergeants and ensure employees comply with current overtime policy and procedures.

Overall Overtime Trend is Inconsistent with Special Events and Position Vacancies

With the exception of January 2018, the citywide trend in monthly overtime spending from January 2015 to August 2018 does not support the explanation from city officials that overtime was driven by special events. City officials have stated that specific events, such as protests, sporting events, and visits from presidential candidates, caused an increase in overtime; however, only in January 2018 does this explanation appear to be supported. Some department managers have also attributed overtime increases to position vacancies; we found little correlation between position vacancies and overtime, except in the fire department. Police and corrections experienced high overtime without decreased staff, indicating that other factors may have influenced the increased overtime. Paid leave contributed to overtime in watershed management but was not strongly correlated to overtime in other departments.

Citywide overtime as a percent of payroll generally increased beginning January 2015, before beginning to decrease in May 2018. Overtime, as a percent of payroll, was 6.6% in August 2018, the lowest it has been since mid-2015 (see Exhibit 13).

Exhibit 13: Citywide Overtime Increased through January 2018

Source: Auditor's analysis of overtime earnings from the Balance Classification report for CY15 through CY18

The spike in overtime in January 2018 can likely be attributed to a combination of events occurring in December 2017 and throughout the month of January 2018, which caused longer work hours or required additional staffing for repairs or increased public safety response. The Hartsfield-Jackson Atlanta International Airport lost power for about 11 hours due to a fire in December 2017. In January 2018, the city hosted the annual Peach Drop Celebration, the College Football Playoff National Championship, a presidential visit, and the March for Social Justice and Women and it experienced major water main break repairs and three inclement weather closure days.

Atlanta Police Department overtime growth preceded staffing drop.

The department experienced an increase in overtime from July 2015 through January 2018 as staffing decreased 15.7% between January 2015 and December 2018. Because most of growth in overtime preceded the staffing decrease, it suggests that factors other than vacancies contributed to increased overtime. Police Department staff told us they relaxed the overtime policy to provide resources for specific crime initiatives. Monthly overtime dropped sharply after February 2018, when staffing was consistently declining (see Exhibit 14). Overtime as a percent of payroll ranged from 4.2% in April 2015 to 25% in January 2018.

Exhibit 14: Police Overtime Dropped After February 2018 While Staffing Continued to Decline

Source: Auditor's analysis of overtime earnings from the Balance Classification report for calendar years 2015 through 2018

Atlanta Fire and Rescue Department staffing decreases appear to have increased overtime. The department's staffing decreased 9.2% from January 2015 through August 2018, before increasing in September 2018 (see Exhibit 15). Fire department overtime as a percent of payroll ranged from 9% in February 2015 to 23% in November 2018. Fire officials have publicly stated that they have had difficulty filling positions and have used overtime to fill staffing needs. We found that position vacancies do appear to explain increased overtime in this department. Because of vacancies, the fire chief has recently implemented a mandatory overtime policy to meet resource needs and prevent employee burnout.

Exhibit 15: Overtime Increased as the Fire Department Lost Employees

Source: Auditor's analysis of overtime earnings from the Balance Classification report for calendar years 2015 through 2018

The Department of Corrections also saw a decrease in overtime expenses after January 2018. While staffing remained consistent, showing a 1.2% change from January 2015 to August 2018, overtime expenses declined from 22% in June 2016 to 4% in August 2018. Corrections management told us that the mayor's elimination of ICE (U.S. Immigration and Customs Enforcement) program responsibilities, as well as the department being fully staffed, reduced overtime costs to historically low levels. Staff told us that as of November 2018 they had 90 vacancies and anticipated overtime expenses to increase back to the previous levels. Overtime was 9% of payroll in December 2018.

We found little correlation between monthly staff vacancies and overtime. Despite public statements from management suggesting that vacancies caused the rise in overtime earnings in departments with the highest overtime spending, we found no direct relationship between vacancies and overtime in five out of six of those departments. Both overtime and staffing increased in the Department of Watershed Management. The police department increased overtime before experiencing staffing decreases. In contrast, the fire department's overtime usage appears directly related to staffing shortages; overtime spikes in the Department of Public Works seem consistent with inclement weather and special events.

Paid leave contributed to overtime in watershed management but was not strongly correlated in other departments. We found that the Department of Watershed Management exhibited patterns that indicate that leave time may have directly contributed to overtime expenses. We found moderate relationships between overtime and paid leave in corrections, public works, and aviation, but little to no correlation in police and fire.

Recent Reductions in Police Overtime Indicate Costs Can Be Managed

While the Atlanta Police Department's overtime expenses have increased since 2015, the department had a general decline in overtime in February 2018. Police department staff told us they implemented new policies to help manage overtime more effectively and responsibly. The new policy addresses measuring overtime productivity, which we found may have been lacking for some top overtime earners within the department. The department's efforts show that overtime costs can be controlled.

Atlanta Police Department overtime decreased by more than 50% since the beginning of 2018. While the department's overtime

spending had generally increased since June 2015 and hit a high of 25.5% of personnel costs in January 2018, overtime approval initiatives implemented since the beginning of the year have resulted in a 57% decrease in overtime expenses. Monthly police overtime hit a three-year low of 6.1% of personnel costs in October 2018 (see Exhibit 14).

The police department implemented a new policy to improve accountability. In August 2018, the police department finalized a new policy regarding the accountability and tracking of overtime. According to the policy, the newly created Centralized Overtime Tracking Unit (COTU) will effectively manage the use of overtime to ensure that each sworn employee uses overtime in a responsible and judicious manner. Overtime work performed by sworn employees will be used to enhance the mission of the department in compliance with the city’s civil service rules and regulations, other city ordinances, departmental policies, and the FLSA. The policy specifically addresses overtime productivity, stating that sworn employees who are approved to work overtime must at a minimum conduct one proactive action per hour of overtime worked. The policy defines these activities as proactive actions:

- field interview
- traffic stop
- traffic citation
- parking ticket
- directed patrol (with prior approved plan of action or an emergency situation)
- calls for service (if assigned to a beat car or umbrella car)
- vehicle impound
- vehicle recovery
- physical arrest
- copy of charges (arrests)

Our analysis of the top five overtime earners in the department in 2017 suggests that this standard was not always met prior to the new policy. The five officers we reviewed responded to or initiated an average of one CAD (computer-aided dispatch) call for about every two hours of overtime earned in August 2017 (see Exhibit 16). Overtime approval sheets showed these officers worked only crime initiative overtime during the period under review. One of the officers responded to or initiated only one call in 135 hours of overtime worked in the month.

Exhibit 16: Officers Answered One Call for Every Two Hours of Overtime

Top Five Officers	Number of CAD Calls Answered	Number of Overtime Hours
Officer 1	105	124.0
Officer 2	1	135.5

Officer 3	121	136.0
Officer 4	22	133.4
Officer 5	106	130.4
Average	71	131.9

Source: Auditor's analysis of CAD dispatch records and the Kronos Time Detail report for August 2017.

According to police staff, officers may not have dispatch records associated with their badge numbers during overtime shifts depending on their assignments during the overtime. Most officers on overtime are not dispatched to calls for service but are instead assigned to patrol certain areas. They may call in self-initiated activities. The on-call, scheduled officers are generally responsible for answering dispatched calls.

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

The use of a secondary tracking system may add risk to overtime accountability. Police department staff are recording overtime hours in a database to track compliance with the new productivity requirements. While we commend the department's efforts to better manage overtime, tracking hours outside of the city's timekeeping system may make it difficult to ensure accuracy. The department's policy requires the tracking unit to review accumulated overtime hour totals from the Kronos and Oracle systems.

FLSA Inconsistencies Are Costly

The city incorrectly classified FLSA (Fair Labor Standards Act) statuses for 144 employees—24 non-exempt employees were incorrectly classified as exempt, and were not compensated with overtime, which FLSA requires if the employee works more than 40 hours per week. An additional 120 employees were incorrectly classified as non-exempt and were paid almost \$1 million in overtime during 2017. While this is not a violation of the FLSA, the practice does not comply with the city's overtime policy.

The Atlanta Police Department paid employees more generous overtime rates than FLSA requires. The department pays some officers overtime rates after working 160 hours, rather than after the 171 hours worked threshold established by FLSA. The department also allows leave time to count toward hours worked to reach the overtime threshold. Police department staff told us they have allowed the more generous practices

because officers would not volunteer for overtime otherwise. According to the Law Department, these practices do not violate FLSA, but counting paid leave toward the overtime threshold is improper according to city code and departmental standard operating procedures.

We recommend that the human resources commissioner verify that all FLSA statuses are accurate in Oracle according to the job classification table and FLSA requirements. We also recommend that the human resources commissioner work with the chief information officer to create controls in Oracle to standardize FLSA statuses based on job positions. The police chief should enforce the FLSA and city policies by paying sworn officers for premium overtime (time and one-half) after the employee meets the 171 hours worked threshold to reduce overtime costs. The overtime calculation should not include leave as hours worked. The police chief should work with human resources and the chief information officer to configure work schedules in Kronos and enforce the rules once in place.

FLSA Status Was Incorrect For 144 Employees

The city incorrectly classified FLSA (Fair Labor Standards Act) statuses for 144 employees—24 non-exempt employees were classified as exempt, and were not compensated with overtime, which is required by the FLSA. An additional 120 employees were incorrectly classified as non-exempt and were paid almost \$1 million in overtime during 2017. While not a violation of the FLSA, the practice does not comply with the city's overtime policy.

We identified 24 non-exempt employees incorrectly classified as exempt, which appears to violate FLSA provisions. Twenty-four employees, working in 12 positions throughout the city, were not compensated with overtime. Law department staff told us that employees working in non-exempt positions who were incorrectly classified as exempt and did not earn overtime could be a violation of the FLSA. We found that 3% of positions held by active employees had a FLSA status that did not match that of the job classification plan and another 16% were not listed in the job classification plan. The pay and classification plan are the city's formal system for classifying positions and compensating employees. The commissioner of human resources is primarily responsible for administering and maintaining the classification plan.

The FLSA requires employers to compensate non-exempt employees who work over 40 hours in a week at least one and one-half times the employee's regular rate. City code and human resources policies further stipulate that the city pays employees in accordance with the FLSA and other applicable rules and regulations.

We identified 120 employees who were incorrectly classified as non-exempt and earned \$927,000 in overtime in 2017. Although this is not a violation of the FLSA, the practice is inconsistent with the human resources overtime policy for the city. The city paid almost \$1 million in 2017 to employees who were not eligible to receive paid overtime.

We recommend that the Department of Human Resources should verify that all FLSA statuses are accurate in Oracle according to the job classification plan and FLSA requirements. We also recommend that the Department of Human Resources work with Atlanta Information Management to create controls within Oracle to standardize the FLSA statuses based on job positions.

Police Department Pays More Generously Than the FLSA Requires

The Atlanta Police Department compensates employees by paying overtime more generously than the FLSA requires. We found that the department paid employees overtime at 160 hours worked instead of the 171 hours worked threshold established by the FLSA. The department has also included non-working hours, such as vacation and sick leave, to calculate overtime pay. According to law department staff, this practice does not violate the FLSA, but using non-work hours to reach the overtime pay threshold is inconsistent with city code and human resources procedures.

The Atlanta Police Department includes paid time off as hours worked to calculate overtime pay. Payroll records we reviewed from 2014 to 2017 for 25 high overtime earners in the police department showed that paid leave hours were counted as hours worked in computing overtime for at least some pay cycles for all the employees over the period. We are unsure when the practice started. Police timekeepers told us that crime initiative overtime does not require police officers to physically work the hours required to meet the overtime threshold. While paying employees more generously than the FLSA requires is not a violation of the FLSA, it may create the appearance of an inequitable overtime policy throughout the city.

The FLSA provides that sworn non-exempt employees earn overtime rates after the employee has worked 171 hours in a 28-day work period; the Police Department's standard operating procedure aligns with this provision. The department's timekeeping policy states that annual leave time is not used to compute overtime for nonexempt employees. According to human resources staff, the 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. Human resources staff do not monitor the old Kronos system to ensure accuracy.

Officers begin accruing overtime after 160 hours worked in a 28-day pay cycle rather than after 171 hours worked. The payroll records we reviewed from 2014 to 2017 also showed that high overtime earners received overtime premium rates after 160 hours rather than 171. In December 2014, police staff told timekeepers that waiving the 171-hour rule was allowable and the department could pay overtime premiums at 160 hours, based on advice from central human resources staff. Police staff told us they did not enforce the 11-hour requirement for straight time because officers would not volunteer for overtime if they had to work the 171-hour requirement. According to human resources policy 3.30, nonexempt sworn police personnel who work more than 171 hours within a 28-day pay period shall be compensated for hours worked between 160 and 171 in cash at the regular rate of pay and may be granted compensatory time or cash at one and one-half times the regular rate of pay for hours worked over 171.

We recommend that the department reduce overtime costs through enforcing the FLSA and city policies related to paying sworn officers for premium overtime after the employee meets the 171 hours worked threshold. Overtime calculations should not include leave taken as hours worked. The police chief should work with human resources and the chief information officer to configure work schedules in Kronos and enforce the rules once in place.

Poor Recordkeeping Makes Overtime Vulnerable to Abuse

The six departments with the highest overtime earnings lacked supporting documentation for 50% of the overtime hours recorded in Kronos for selected employees in August 2017. Departments are required to maintain support to show that the overtime hours were approved. Poor recordkeeping makes overtime use vulnerable to abuse and makes it difficult for departments to document compliance with the city code provision that requires all employees in a department working

in similar jobs to have an equal opportunity to earn overtime. We recommend that departments maintain documents that demonstrate prior approval of overtime hours and develop transparent processes to ensure equitable overtime allocation.

Most Departments Lacked Records to Show Overtime Was Approved in Advance

Half of the overtime hours that we reviewed from August 2017, which were recorded by the top six overtime-earning departments, lacked documentation of justification and approval. Completeness of records varied by department. While the Atlanta Police Department had nearly complete records, the Department of Watershed Management could provide documents to support only 6% of the overtime its sampled employees worked in the month. Human resources timekeeping policy requires department heads to keep complete attendance, tardy, and payroll records, including annual leave, sick leave, and overtime. Poor recordkeeping practices leave the city open to overtime abuse. City code states that employees within each department who normally perform the same type of work shall receive equal opportunity for overtime work, but the lack of documentation made it impossible to determine whether overtime opportunities were equitably allocated. Overtime by employee was unevenly distributed.

Most departments lacked records to demonstrate overtime approval. We reviewed departmental overtime records from August 2017 for a sample of 30 employees—the five top overtime earners in 2017 for each of the six departments with the highest overtime spending. We matched the documents to timekeeping records in Kronos. Overall, the departments could provide support for 50% of the 4,000 overtime hours the sampled employees worked in the month. The Atlanta Police Department had nearly complete records, missing 30 minutes of 659 hours of overtime worked, while the Department of Watershed Management could provide documents to support only 40 of the 704 overtime hours worked (see Exhibit 17). We interviewed department staff about how they track and approve overtime. Most described a manual process including documents such as sign-up sheets, overtime rosters, overtime request forms, overtime approval slips and emails.

Exhibit 17: Only Half of Overtime Hours Earned Showed Documented Approvals

Department	OT Hours Supported by Documentation	OT Hours in Kronos	Percent of Overtime Hours Approved
Atlanta Police Department	658.9	659.3	99.9%
Atlanta Fire and Rescue	368.0	947.0	38.9%

Department of Corrections	529.8	564.1	93.9%
Department of Aviation	59.5	537.9	11.1%
Department of Public Works	354.5	588.1	60.3%
Department of Watershed Management	40.0	704.1	5.7%
Total	2,010.7	4,000.4	50.3%

Source: Auditor's analysis from overtime approval documentation from the top six overtime earning departments and the Kronos Time Detail Report for August 2017

Human resources' timekeeping policies require department heads to maintain complete attendance records, including overtime. Poor recordkeeping practices leave the city open to overtime abuse. Also, Section 114-133 of the city code requires that employees within each department who normally perform the same type of work shall receive equal opportunity to earn overtime; however, the lack of documentation made it impossible to determine whether departments were complying with the provision.

Police department staff provided overtime approval sheets for each of the five employees as required by the department's internal timekeeping policy. The policy requires division commanders to approve overtime in advance. We could not determine the pre-approval status of overtime documentation because the form did not have a date for each approval signature. We recommend the department clearly document the evidence of pre-approvals, as required by its internal policy.

Fire department staff was able to produce support for 39% of overtime hours worked. The department used TeleStaff in August 2017, but the software was inaccessible due to the cyberattack in March 2018. TeleStaff is an automated system that the fire department uses to schedule employees for overtime work.

Corrections staff provided documentation to support 94% of the overtime hours recorded in Kronos for all five employees. The department did not consistently document pre-approval, but at least one level of approval was documented. The department was unable to locate overtime sign-up sheets for the five employees from August 1st through August 10th, 2017.

Public works staff provided documentation to confirm approval for 60% of the hours recorded in Kronos. The department was unable to provide consistent pre-approvals for overtime, as required by its internal policies. We found that overtime request forms were signed after hours were worked by employees. While department staff told us they use

sign-up sheets to document overtime volunteers, they were unable to provide the forms to indicate pre-approval of overtime hours.

Watershed management staff was able to provide documentation for only 6% of the overtime hours worked and recorded in Kronos for the five employees we sampled. Supervisors request permission for crews to work overtime and directors approve the requests. The policy states that “overtime rosters are displayed for employees to see, e.g. installation bulletin boards.” Interviews suggested supervisors also email overtime pre-approvals from managers. Management suggested the cyberattack was responsible for the missing documentation, although Atlanta Information Management officials confirmed that city emails were not affected by the cyberattack that occurred in March 2018. According to the watershed staff, management was aware that overtime was not consistently pre-approved as required by policy and they began formally reprimanding supervisors.

According to watershed management staff, once the overtime is approved, supervisors post sign-up sheets by time clocks for employees to volunteer. Standby crews rotate for overtime opportunities. We noted that the spreadsheets that the department used to request and document overtime did not consistently show that it was pre-approved. To ensure accuracy and transparency, we recommend that the department implement policies that detail how overtime hours should be approved.

Department of Aviation staff provided documentation to support 11% of the overtime hours recorded in Kronos for the five employees we sampled. The Department of Aviation’s records were not complete, nor were they organized or stored in a central location. The department does not have formal policies or procedures for overtime management in certain divisions and cannot ensure that employees have an equal opportunity to earn overtime. One division within aviation has a policy of mandatory holdovers for employees and supervisors working overtime and filling-in for absent dispatchers as needed. The practice of using supervisors to fill in for employees could explain why some employees earn significant overtime. Another division with the highest earners primarily authorized overtime at the crew supervisor level, but the crew supervisors do not currently have management access in Kronos to monitor overtime or leave. When project-related overtime is necessary, the division uses a sign-up sheet to document volunteers.

Departments Lack Processes to Ensure Equal Opportunity for Overtime

Overtime was unevenly distributed. The city has received multiple employee complaints of unfair overtime practices since 2015, alleging favoritism when allocating it or using access to overtime as a form of retaliation. Over 500 city employees earned more than \$20,000 each in overtime pay during 2016 and almost 70 employees each earned more than 1,040 hours of overtime in both 2016 and 2017. We recommend that departments develop documented and transparent processes for equitable overtime management.

From April 2015 to September 2017, the city’s integrity hotline received 16 complaints related to overtime from seven departments. The complaints involve overtime theft and abuse by city employees; several complaints involve bribery and management abusing its power in assigning overtime hours. We substantiated an allegation in aviation during 2018 in which an employee was unfairly allocating overtime to family members over other employees. City code Section 114-133 states that employees who normally perform the same type of work shall receive equal opportunity for overtime work.

During calendar year 2017, 758 employees earned more than \$20,000 each 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. Similarly, during calendar year 2016, 546 employees earned more than \$20,000 in overtime, with 2,157 employees earning up to \$1,000. Overtime earnings by employee in calendar year 2016 ranged from \$0.01 to \$95,586.

In both calendar years 2016 and 2017, 69 employees worked more than 1,040 hours of overtime. 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 18). The distribution of overtime was not equal for all employees within the same positions.

Exhibit 18: Some Employees Averaged More Than 20 Hours of Overtime Every Week

Department	# of Employees Averaging More Than 20 Hours of Overtime per Week	
	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
Total	113	210

Source: Auditor's analysis of overtime hours from Balance Classification reports for calendar years 2016–2017.

We recommend that the chief operating officer and the human resources commissioner compel departments to maintain records to support prior approval of overtime hours and develop transparent processes to ensure employees doing the same work have an equal opportunity for overtime.

Recommendations

To continue to reduce and manage overtime expenses, we recommend that the chief operating officer:

1. 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.

To continue to reduce and manage overtime expenses and ensure that the city follows federal labor laws and city code regarding overtime administration, we recommend that the police chief:

2. Monitor overtime hours worked by police sergeants and ensure employees comply with current overtime policy and procedures.
3. Enforce the new policy to measure productivity associated with overtime approved and earned hours and manage the use of overtime.
4. Enforce the FLSA and city policies by paying sworn officers for premium overtime after employees has worked 171 hours.
 - a. The overtime calculation should not include leave taken as hours worked.

To improve transparency and efficiency and ensure that the city follows federal labor laws and city code regarding overtime administration, we recommend the police chief work with human resources and the chief information officer to:

5. Configure work schedules in Kronos and enforce the rules once in place.

To promote accuracy and ensure that the city follows federal labor laws and city code regarding overtime administration, we recommend that the human resources commissioner:

6. Verify that all FLSA statuses are accurate in Oracle according to the job classification table and FLSA requirements.

To encourage accuracy and efficiency, while ensuring that the city follows federal labor laws and city code regarding overtime

administration, we recommend that the human resources commissioner work with the chief information officer to:

7. Create controls within Oracle to standardize FLSA statuses based on job positions.

To ensure the city follows city code regarding overtime administration, we recommend that the chief operating officer and the human resources commissioner compel departments to:

8. Maintain documentation to support prior approval and justification of overtime hours
9. Develop and implement transparent processes to ensure employees doing the same work have an equal opportunity for overtime.

Appendices

Appendix A: Management Review and Response to Audit Recommendations

Report # 18.06	Performance Audit: Citywide Overtime	Date: 1/2019
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.		
<p>Proposed Action:</p> <p>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. In addition, some departments, including APD, also currently include this information in their quarterly reports to committees. 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.</p>	<p>Response:</p> <p>Agree</p>	
<p>Person Responsible:</p> <p>COO Richard Cox</p>	<p>Implementation Date:</p> <p>March 2019</p>	
Recommendation 2:		
We recommend the police chief monitor overtime hours worked by police sergeants and ensure employees comply with current overtime policy and procedures.		
<p>Proposed Action:</p> <p>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.</p>	<p>Response:</p> <p>Agree</p>	
<p>Person Responsible:</p> <p>Chief Erika Shields and the Centralized Overtime Tracking Unit (Lt. M. Graham).</p>	<p>Implementation Date:</p> <p>June 2018</p>	
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.		
<p>Proposed Action:</p> <p>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.</p>	<p>Response:</p> <p>Agree</p>	
<p>Person Responsible:</p> <p>Chief Erika Shields and the Centralized Overtime Tracking Unit (Lt. M. Graham).</p>	<p>Implementation Date:</p> <p>07/17/2018</p>	

Recommendation 4:

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

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

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. The police chief will work with HR to ensure consistent communication on this issue, to determine ways to best to attain success.

Response:

Agree

Person Responsible:

Chief Erika Shields and DHR Commissioner Marian Woods

Implementation Date:

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.

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. A hard-coded schedule is doable for exempt personnel (lieutenant and above).

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. Kronos currently complies with FLSA rules but provides the ability to override these rules. AIM will work with HR and Police to implement any new rules agreed on based on City policy.

Response:

Partially Agree

Person Responsible:

Chief Erika Shields, Elaine Gooden, Director of HRIS, and Gary Brantley, CIO

Implementation Date:

Ongoing
HR research completed by 3/1/19

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.

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.

Response:

Agree

Person Responsible:

Elaine Gooden, Director of HRIS

Implementation Date:

3/1/19

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.

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

Response:

Agree

Person Responsible:

CIO Gary Brantley and DHR Commissioner Marian Woods

Implementation Date:

March 2019

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.

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.

Response:

Agree

Person Responsible:

DHR Commissioner Marian Woods (develop); COO Richard Cox (enforce)

Implementation Date:

3/18/19

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.

Proposed Action:

Include in comprehensive SOP as described in Recommendation #8

Response:

Agree

Person Responsible:

DHR Commissioner Marian Woods (develop); COO Richard Cox (enforce)

Implementation Date:

3/18/19

Appendix B: Overtime Spending by Department, FY13-FY18

Department	FY13	FY14	FY15	FY16	FY17	FY18
Atlanta Police Department	\$7,634,736	\$8,844,298	\$9,217,590	\$17,210,193	\$24,186,400	\$24,225,602
Atlanta Fire and Rescue	\$8,045,116	\$8,826,160	\$8,200,887	\$9,828,057	\$11,292,175	\$13,851,831
Department of Watershed Management	\$5,849,106	\$5,406,761	\$5,753,039	\$6,949,238	\$7,854,486	\$5,938,806
Department of Public Works	\$2,885,003	\$3,511,231	\$3,323,817	\$4,254,125	\$3,813,386	\$4,945,517
Department of Corrections	\$785,375	\$2,070,870	\$2,722,141	\$2,383,675	\$3,617,439	\$3,480,372
Department of Aviation	\$478,398	\$1,207,988	\$1,243,637	\$1,977,935	\$2,215,918	\$2,069,685
Department of Parks and Recreation	\$593,739	\$668,185	\$771,479	\$1,005,203	\$955,492	\$881,552
Executive Offices	\$25,396	\$66,004	\$79,302	\$128,608	\$155,440	\$196,255
Judicial Agencies	\$1,657	\$1,023	\$72,425	\$87,509	\$45,535	\$44,284
Department of Human Resources	\$40,577	\$62,101	\$39,603	\$32,575	\$26,946	\$19,687
Department of Finance	\$6,274	\$10,046	\$15,111	\$19,134	\$25,619	\$33,061
Department of City Planning	\$3,520	\$1,229	\$9,628	\$12,926	\$6,464	\$5,481
Department of Procurement	\$402	\$261	\$400	\$8,698	\$4,678	\$168
Atlanta Information Management	\$455	\$2,476	\$107	\$9,929	\$4,367	\$16,500
Public Defender's Office	\$0	\$0	\$562	\$0	\$449	\$263
Atlanta Citizen's Review Board	\$0	\$0	\$0	\$0	\$216	
Department of Law	\$245	\$315	\$912	\$475	\$64	\$121
City Auditor's Office	\$0	\$0	\$135	\$0	\$0	
Solicitor's Office	\$0	\$616	\$1,243	\$244	\$0	\$897
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	\$55,710,095

Source: Auditor's analysis of Trial Balance reports from fiscal years 2013 through 2018