



Date: August 18, 2014
To: Thomas Bonfield, City Manager
From: Germaine Brewington, Director of Audit Services
Subject: Transmittal of the Overtime Follow-Up Performance Audit (June 2014)

Executive Summary

The Department of Audit Services completed the Overtime Follow-Up Performance Audit report dated June 2014. The purpose of the audit was to verify if the recommendations proposed in the original Overtime Performance Audit dated March 2013 were implemented by the responsible departments.

Background

The Department of Audit Services performed the Overtime Performance Audit in March 2013. The results of that original audit were as follows:

- Overall across the City, overtime payments to employees and overtime hours worked by employees did not appear excessive. Adequate management oversight was present in most of the departments. Lack of management oversight was noted over the Utility System Supervisor (USS) position in the Department of Water Management. A lack of adequate documentation for specific work tasks precluded an assessment of the legitimate business need for overtime claimed as well as precluded the appropriate management oversight for overtime paid. While this practice was not systemic to the City, the lack of oversight for the assignments of the persons in the USS position could potentially create an environment for potential fraud, waste or abuse to occur. However, at the time of the fieldwork, audit staff did not find evidence of fraud or abuse by the employees earning the overtime.
- Overtime Payment Forms submitted to the Payroll Division of the Finance Department were not signed in accordance with Policy HRM 403 Overtime Pay and Compensatory Time.
- The overtime calculated at the Department of Water Management was in accordance with their internal departmental policy "Stand-by/On-Call/Recall Duty". However, audit staff noted that the internal policy was less restrictive than Citywide Policy HRM 403–Overtime and Compensatory Time and Policy HRM 410 – Standby/Recall.

The Director of the Department of Audit Services proposed seven recommendations in the original audit to address the areas of concern.

Results in Brief

The status of the seven original recommendations proposed by the Audit Services staff is:

- Five recommendations were fully implemented; and
- Two recommendations were partially implemented.

Issues and Analysis

The attached report details the objectives, observations, and results of the Overtime Follow-Up Performance Audit dated June 2014.

Recommendation

The Department of Audit Services recommends the City Council receive and accept the Overtime Follow-Up Performance Audit dated June 2014 as presented and approved at the June 9, 2014 Audit Services Oversight Committee meeting.

Attachment