

**Audit of PRNS
Management Controls over
Employee Overtime**

**CAO 1604-1314-09
May 12, 2014**

Background

PRNS Employees:

- 13 Appointive
- 105 Full-time Classified
- 6 Part-time Classified
- Approximately 591 Hourly
(as of October 2013)

**CY 2011 and 2012 OT Pay:
\$352,000**

Objective

Evaluate the adequacy of the management controls in place to ensure overtime hours incurred by PRNS employees are properly approved, classified, and recorded.


Audit Findings and Recommendations

Audit Findings

- 1. Overtime Approval and Monitoring Process Deficiencies**
- 2. Inadequate Support for Callback Hours**
- 3. Overtime Management Deficiencies**
- 4. Enhancements Needed in Overtime Monitoring by Finance**
- 5. Clarifications Needed in Labor Contract Verbiage**

#1. OT Approval and Monitoring Deficiencies

Overtime Approval Form

 **OVERTIME/PERS CALLBACK FORM**

It is requested that:

Employee Name _____ Employee # _____ Hire Date _____

Be: Paid TILO (Select One) For: Call-Back Overtime (Select One)

Total # of Hours _____

From: _____ To: _____
Time Date Time Date

Normal Work Hours: _____ To _____

Were you called in? Yes No OR Held Over? Yes No

Standby? Yes No

Notified by whom? _____

Time and Date Notified: _____
Time Date

Time Arrived for duty: _____
Time Date

Reason for Call-Back/Overtime:

Employee Signature _____ Date _____

Indicate the time and date that the employer had knowledge of the need for staffing:

Time Date

Supervisor/Manager/Director Signature _____ Date _____

****Must attach a copy of declaration of emergency for employees enrolled after July 1, 2008.****

#1. OT Approval and Monitoring Deficiencies

Electronic Timecard

[Show Accrual Balances](#)

Period: Comments:

Template:

Hours Type	Projects	Task	Options	Sun, Sep 29	Mon, Sep 30	Tue, Oct 01	Wed, Oct 02	Thu, Oct 03	Fri, Oct 04	Sat, Oct 05	Sun, Oct 06	Mon, Oct 07	Tue, Oct 08	Wed, Oct 09	Thu, Oct 10	Fri, Oct 11	Sat, Oct 12	Total
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	0
<input type="button" value="Add Another Row"/>	<input type="button" value="Recalculate"/>			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Template Name:

#1. OT Approval and Monitoring Deficiencies

Electronic Overtime/PERS Callback Form

Overtime/PERS Callback Form

* Indicates required field

Employee Name _____ Employee # _____

✓ TIP *** OT form exists

* Paid or TILLO _____	* Callback or Overtime _____
* From Date _____ (example: 16-Sep-2013)	* To Date _____ (example: 16-Sep-2013)
* From Time _____ (example: 09:15, 15:45, etc.)	* To Time _____ (example: 09:15, 15:45, etc.)
* Normal Work Hours From _____ (example: 09:15, 15:45, etc.)	* Normal Work Hours To _____ (example: 09:15, 15:45, etc.)
* Called In (Y/N) _____	* Held Over/Scheduled (Y/N) _____
* Standby (Y/N) _____	
* Notified By _____	
* Date Notified _____ (example: 16-Sep-2013)	* Arrived for Duty Date _____ (example: 16-Sep-2013)
* Time Notified _____ (example: 09:15, 15:45, etc.)	* Arrived for Duty Time _____ (example: 09:15, 15:45, etc.)

Reason

Reason for Call-Back/Overtime: _____

* Reason

Acknowledgement

Indicate the time and date that the employer had knowledge of the need for staffing:

* Acknowledged By _____

* Acknowledged Date _____
(example: 16-Sep-2013)

* Acknowledged Time _____
(example: 09:15, 15:45, etc.)

#1. OT Approval and Monitoring Deficiencies

- **Outdated Policies and Procedures**
- **Inconsistent Submittal of Paper Overtime Approval Forms**
- **Inconsistencies and Errors in Completion of Paper Overtime Approval Forms**
- **Inefficient Management Approval Process**
- **Lack of Confirmation of Management Approval**
- **Redundant Information Captured in Overtime Spreadsheet**
- **Lack of Defined Responsibilities for Ensuring Accurate Recording of Overtime**
- **Incomplete and Inaccurate Electronic Timecards**
- **Lack of Formal Department Overtime Monitoring Process**

#1. OT Approval and Monitoring Deficiencies

Calendar Years 2011 and 2012 Combined	
Employee	Percentage of Overtime (Regular, Callback, and TILO) Supported by a Paper Overtime Approval Form
OT1	19%
OT2	54%
OT3	30%
OT4	1%
OT5	70%
OT6	33%
OT7	47%
OT8	51%
OT9	37%
OT10	50%

Recommendations

- 1.1 PRNS management should **implement a more efficient and effective overtime approval and monitoring process** that includes the identified elements.
- 1.2 PRNS management should **update its documented policies and procedures and work rules** to coincide with the newly implemented overtime approval and monitoring process. The procedures should clearly outline all aspects of the new overtime approval and monitoring process.
- 1.3 PRNS management should **train employees** in the new overtime approval and monitoring process.

Summary of PRNS Top Ten Overtime Hours

PRNS TOP TEN OVERTIME HOURS SUMMARY					
CALENDAR YEARS 2011 AND 2012 COMBINED					
EMPLOYEE	REGULAR OVERTIME HOURS	CALLBACK HOURS	TILO HOURS	TOTAL HOURS	TOTAL \$ PAID
OT1	194.50	1,797.00	0.00	1,991.50	\$102,155
OT2	458.00	1.50	126.00	585.50	\$31,519
OT3	489.25	1.50	0.00	490.75	\$37,067
OT4	345.00	6.00	47.50	398.50	\$17,380
OT5	179.00	0	88.00	267.00	\$8,258
OT6	83.00	0	137.00	220.00	\$4,361
OT7	203.00	0	9.00	212.00	\$9,673
OT8	190.00	0	1.50	191.50	\$7,748
OT9	97.00	0	90.50	187.50	\$4,643
OT10	92.50	12.00	71.00	175.50	\$7,177

LVCEA Labor Contract – Callback/Callout

Emergency Situations Requiring Immediate Attention where the department head or designee feels that it is necessary to call out one or more members of a department.

NVPERS Callback Policy

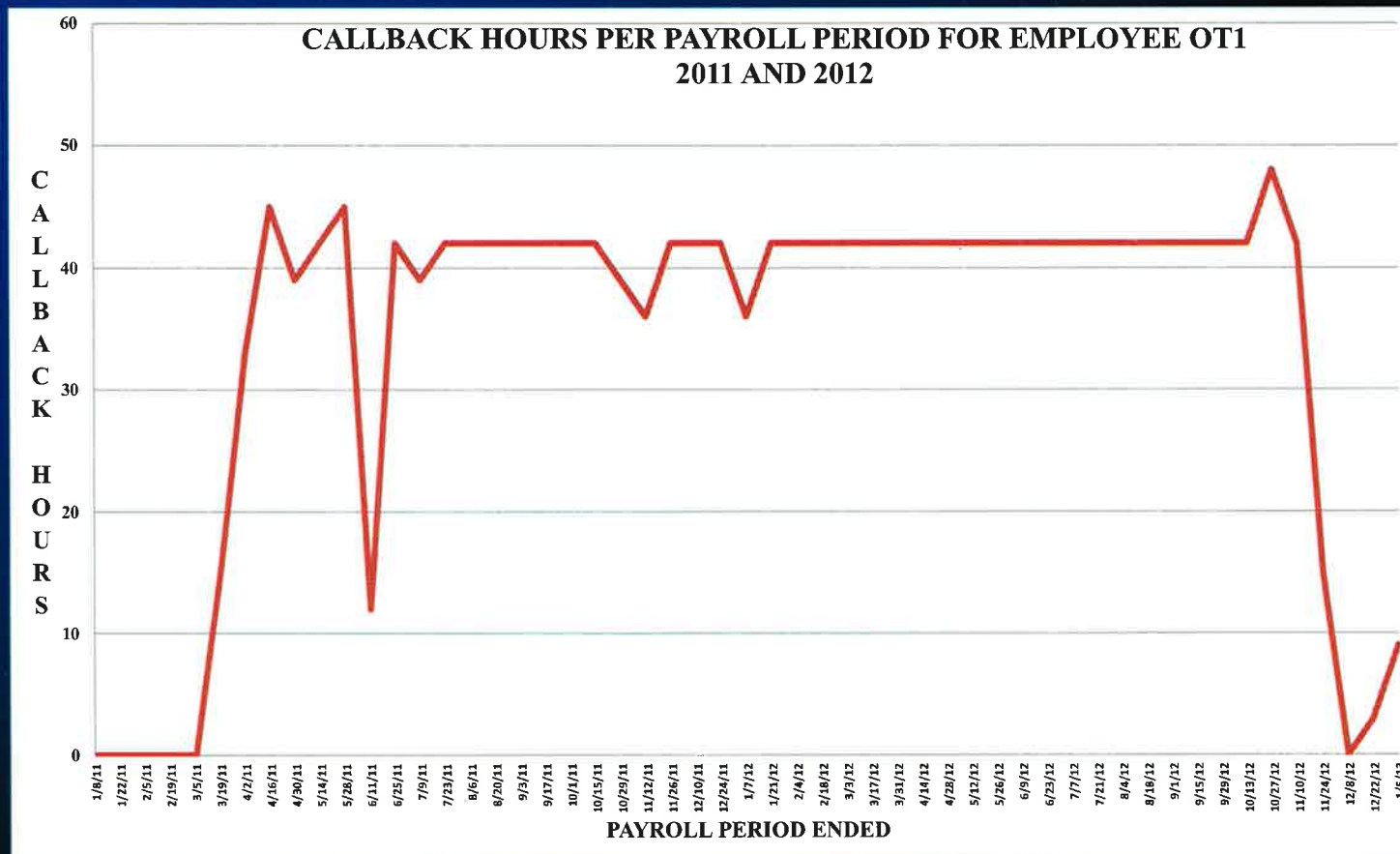
In order for overtime to be classified as callback under **NVPERS policies** (for employees hired prior to 6/20/08), the following conditions must be met:

- Employee returns to duty after completing his regular shift.
- Employee is off duty for any period of time.
- Employee is requested to return to duty with less than 12 hours' notice.

Summary of Employee OT1's Overtime

- **93% of all callback hours recorded by PRNS employees during 2011 and 2012 combined.**
- **3 hours of callback recorded on 99% of the days including holidays and weekends from July 1, 2011 through November 12, 2012.**
- **During calendar years 2011 and 2012, OT1 only used 4.5 and 19 hours of annual leave, respectively.**

Summary of Employee OT1's Overtime



Information Input by Employee OT1 into Electronic Timecard

Data Field in Electronic Timecard (see Exhibit 3)	Information Recorded by OT1
Normal work hours:	7:00 a.m. to 5:00 p.m.
Overtime/Callback hours:	5:00 p.m. to 11:00 p.m.
Time of Notification:	5:00 p.m.
Arrival Time:	5:00 p.m.
Notified by:	PRNS Deputy Director
Reason for Overtime /Callback Hours:	
7/24/2011 to 8/7/2011	On call for all CLV sports field light programming and related maintenance issues.
8/8/2011 to 6/9/2012	On call for all CLV sports field light/allocated user group programming and related maintenance issues.
6/10/2012 to 6/23/2012	Manage Musco field lighting system, City Field Monitors, City adult sports leagues, allocated permit user group field/park issues and weekend permitted tournament usage.
6/24/2012 to 7/7/2012	Manage and program Musco Lighting System for all CLV sports fields, supervise CLV staff Field Monitors and handle allocated/tournament user group issues.
7/8/2012 to 11/24/2012	Manage and program Musco Lighting system for all CLV Sports Fields and additional Park areas. Assist CLV Field Monitors with all field and allocated user group, tournament, CLV Adult Sports programs, and maintenance issues and or concerns.

#2. Inadequate Support for Callback Hours

For OT1's Overtime to be classified as Callback under NVPERs, the following conditions must be met:

- Employee returns to duty after completing his regular shift.**
- Employee is off duty for any period of time.**
- Employee is requested to return to duty with less than 12 hours' notice.**

#2. Inadequate Support for Callback Hours

OT1's overtime hours do not appear to meet these conditions based upon our interpretation of the policies and our understanding of his work arrangement.

However, an evaluation of OT1's overtime is hindered by **incomplete and unauditabile supporting documentation.**

#2. Inadequate Support for Callback Hours Incomplete and Unauditable Documentation

- OT1 only submitted paper overtime approval forms for approximately **19%** of his overtime and callback hours.
- OT1 **did not document the event that initiated the callback** on each day (e.g., phone call, text, email) and when it occurred on his electronic timecard or elsewhere.
- OT1 **did not document the actual hours of overtime worked** on his electronic timecard or elsewhere. Instead, OT1 repeatedly reported three hours of callback, his “Overtime/Callback hours” as being from 5:00 p.m. to 11:00 p.m. (immediately after his regular shift ending at 5:00 p.m.), and his “Arrival Time” as 5:00 p.m. regardless of the actual hours worked.
- OT1 **did not document the details of the work performed** on his electronic timecard or elsewhere. Instead, OT1 repeated the same general description of work performed for extended periods on his electronic Overtime/PERS Callback Form (see table above).

#2. Inadequate Support for Callback Hours

NVPERS is the governing authority over the interpretation of their policies and any conclusions by them on this matter would supersede our conclusions.

#2. Inadequate Support for Callback Hours Recommendations

- 2.1 Finance should **review the appropriateness of the classification of OT1's callback hours against NVPERS policies** in consultation with NVPERS representatives and submit any required adjustments to NVPERS.
- 2.2 Finance should **complete a review of its documented payroll policies and procedures and training documents** to ensure they clearly and accurately reflect documentation requirements and overtime policies contained within the LVCEA labor contract and NVPERS policies.
- 2.3 PRNS management should implement a process requiring management and staff to periodically **attend payroll policy and timecard completion training** conducted by Finance.

#3. Overtime Management Deficiencies


- Inadequate Understanding of Overtime Rules**
- Lack of Uniform Enforcement of Departmental Policy**
- Inefficient Overtime Approval Process**
- Inadequate Management Monitoring of Employee Overtime**
- Inadequate Supervisory Review of Employee Timecards**
- Inadequate Evaluation of Overtime Work Arrangement**

#3. Overtime Management Deficiencies

Recommendations

- 3.1 PRNS management should **evaluate whether any disciplinary measures should be taken** against any employees as a result of the management deficiencies identified in this finding.
- 3.2 PRNS management should **implement a formalized department overtime monitoring process.**
- 3.3 PRNS management should **attend training** by Finance on the proper application of overtime policies and completion of timecards.
- 3.4 PRNS management should request that **Finance train their employees** more thoroughly on how to appropriately comply with overtime policies and complete their timecards.
- 3.5 PRNS management should formally **review department policies and procedures and revise them as needed** so that they clearly reflect current overtime rules and regulations.

#4. Enhancements Needed in Overtime Monitoring by Finance

- Finance is deserving of much credit in identifying OT1's unusual amount of callback hours and in bringing this irregularity to the attention of HR and PRNS management. 
- However, Finance needs a more formalized process for routinely reviewing employee overtime city-wide and analyzing the overtime hours for possible errors or irregularities.
- OT1's overtime irregularity could have been identified more timely with such a process.

#4. Enhancements Needed in Overtime Monitoring by Finance Recommendations

- 4.1 Finance should **implement a formalized process for routinely monitoring overtime on a city-wide basis** to timely identify trends, errors, and irregularities. Finance employees should be encouraged to question departments on any irregularities noted.
- 4.2 Finance should **create or identify reports that can be run on a regular basis** that facilitate overtime monitoring and analysis.
- 4.3 Finance should **implement a formalized process whereby overtime reports are routinely made available and/or shared with departments and the City Manager's Office** for use in fulfilling their responsibility to monitor the overtime of their employees.

#5. Clarifications Needed in Labor Contract Verbiage

The verbiage within the LVCEA labor contract regarding callback inadequately reflects the NVPERS policies as follows:

- The term callout is used in the labor contract rather than callback.**
- NVPERS has different policies on callback depending on the employee's effective date of membership (i.e., on or before June 30, 2008, on or after July 1, 2008, on or after January 1, 2010). These differences are not reflected in the labor contract.**
- The requirements of being "off-duty" and "returning to duty" are not adequately discussed.**
- The 12 hour notification requirements are not addressed.**

#5. Clarifications Needed in Labor Contract Verbiage Recommendations

- 5.1 Human Resources management in consultation with Finance management should **improve the verbiage in the LVCEA labor contract** in future negotiations so that it more accurately reflects the NVPERS policies on callback time.

Management Responses

- **Management Responses from PRNS, Finance, and HR are found at the back of the audit report.**
- **PRNS, Finance, and HR management have represented that they will address the audit recommendations over the next 12 months.**

Questions

Auditor:

Bryan Smith

PRNS Director:

Steve Harsin

Finance Director:

Venetta Appleyard

HR Director:

Dan Tarwater