Overtime Audit Summary

Why OCA did this project:
Overtime is costly. The City of Tulsa incurs roughly $14 million each year in overtime costs. Overtime also takes a toll on employee health and job satisfaction. Multiple private, government and academic studies indicate there are wide-ranging risks associated with working extra time on a regular basis.

Project Scope
City-wide overtime, with emphasis on Police and Fire Departments

How OCA did this project
Project procedures included:

- Analyzing how managers receive information for monitoring overtime costs and causes,
- Compiling how much overtime was incurred during fiscal years 2017 to 2021 and identifying the factors that caused overtime to occur,
- Testing to determine whether overtime is accurately recorded and properly approved,
- Reviewing compliance with overtime laws,
- Analyzing separation of duties in overtime processing, and
- Evaluating manual and automated system controls.

Key observations

- Periodic reports for monitoring overtime had been discontinued. Mayor Bynum is planning to schedule regular meetings for overtime monitoring.
- The City's financial system and timekeeping system roles had duties that were not properly separated. Recommendations for role changes were accepted and the roles adjustment were made or are in process.
- The overtime payment processing procedures in both the Police and Fire Departments did not comply with Oklahoma statutes. OCA recommended both departments change to a digital initiation, approval, and record keeping system. Both departments have agreed and are making plans to transition.

Overtime Audit Report

Audit objective
Review internal controls related to overtime processing and test overtime payments.

Observations

➔ Audit procedures included a comparison of overtime budget to actual spend. In fiscal years 2017-2021, the City consistently spent more than budgeted for overtime, with the largest differences in the Police and Fire Departments. See Exhibit 2 for more information.

➔ Reports for monthly monitoring of overtime have been discontinued. The Budget Division analyzes overtime starting the last few months of the fiscal year. Budget amendments are made to ensure no department exceeds their revised budget. The Finance Director advised that Mayor Bynum is planning to schedule meetings to discuss overtime management.

➔ The Police and Fire Departments do not use the City's electronic system for processing overtime. Audit procedures included review of each of these department's paper records to test for proper approval and accurate and timely payment. Each of the sample items reviewed were properly approved and accurately paid; however, we found over a million dollars in overtime was paid later than the 14-day processing time allowed by Oklahoma law. We recommended both departments change to a digital initiation, approval, and record keeping system. Both departments have agreed and are making plans to transition.

➔ The Human Resources Department (HR) monitors payroll regulations and updates policies, as necessary. Policy changes are reviewed and discussed by department heads, Legal Department, and the Mayor. After approval, HR communicates the changes to all the employees and payroll personnel.

➔ Best practices for payroll processes include separating the duties of initiating, approving, paying, and record keeping. Audit procedures included interviewing employees who process payroll and analyzing what is occurring in the time-keeping and financial systems. The payroll process design includes proper separation of duties; however, we found processing permissions that conflicted with process design. All permission conflicts in the time-keeping system are now corrected. The Enterprise Resource Manager has agreed to research and correct permissions in the financial system, as appropriate.
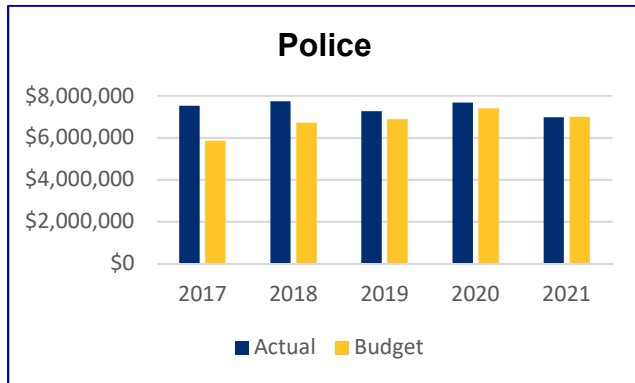
Exhibit 1

Actual Overtime Expense
Fiscal Years 2017 - 2021
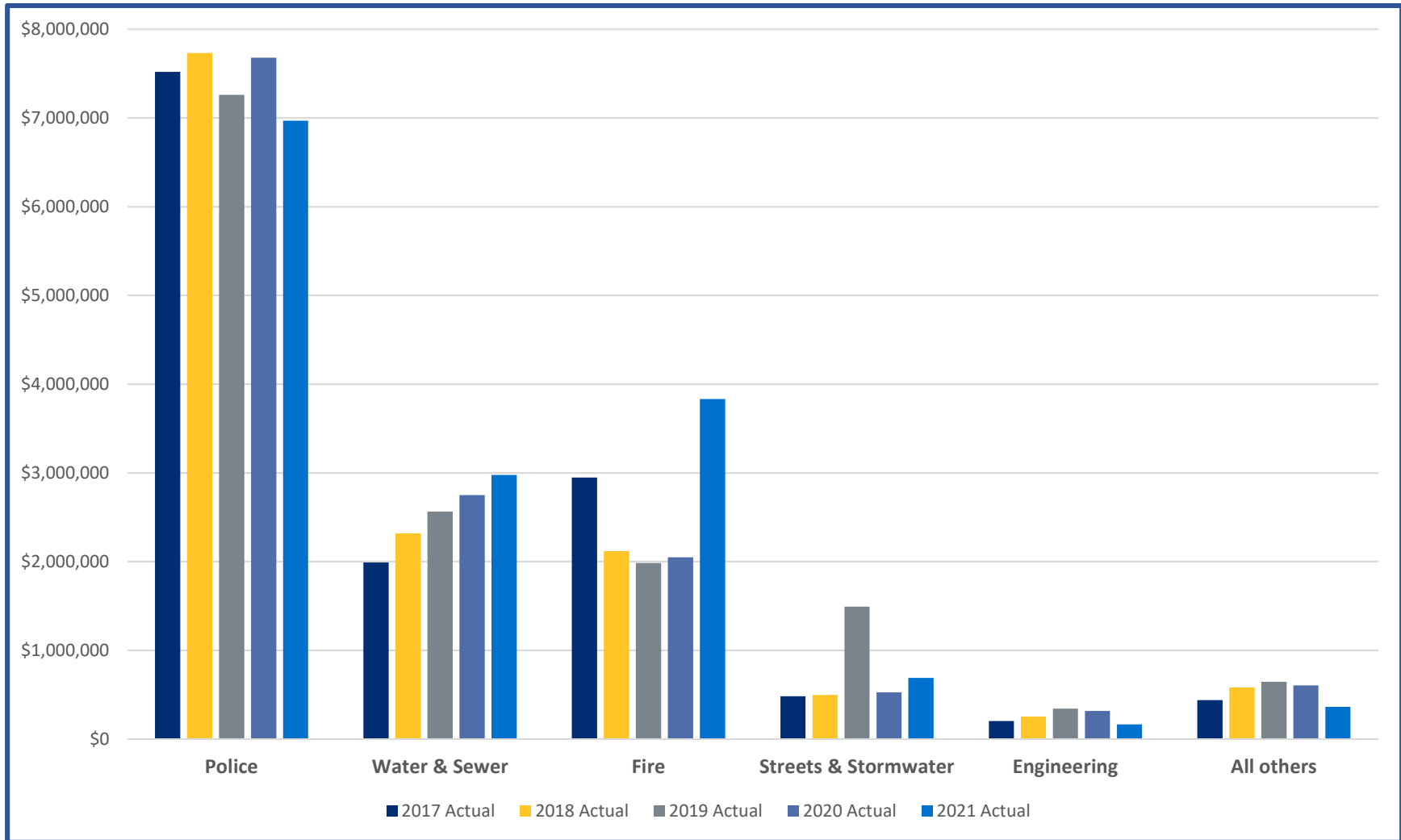
This chart shows overtime trends for the five departments with the most overtime expense.

Exhibit 2

Actual Overtime Expense vs. Original Budget
Top 5 Departments
Fiscal Years 2017 - 2021

Police

Fire

Water & Sewer

This chart shows how actual overtime costs compared to the original overtime budget for the five departments with the largest overtime expense.

During FY2017-2021, the Police, Fire, Water and Sewer, and Streets and Stormwater departments consistently incurred over 93% of the City's actual overtime expense. Some overtime expense was recovered from federal and state assistance. The recovery is not reflected in this graph.

The highest actual overtime expense exceeding budget occurred in FY21 when the Fire Department's actual expense exceeded budget by $2.3 million. This was due in part to COVID-19, a winter storm, and a special deployment.

The second highest actual overtime expense exceeding budget occurred in FY19 when Streets and Stormwater Department exceeded budget by $926,000 due primarily to major river flooding.

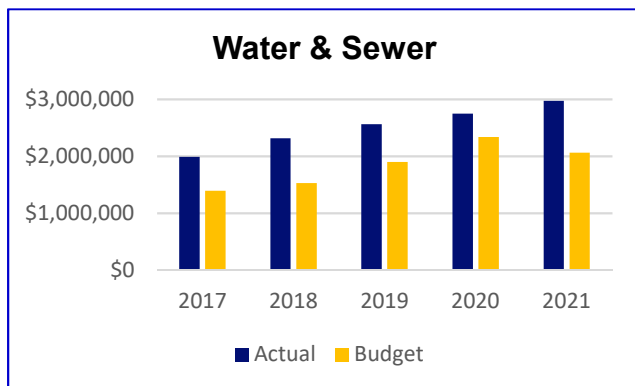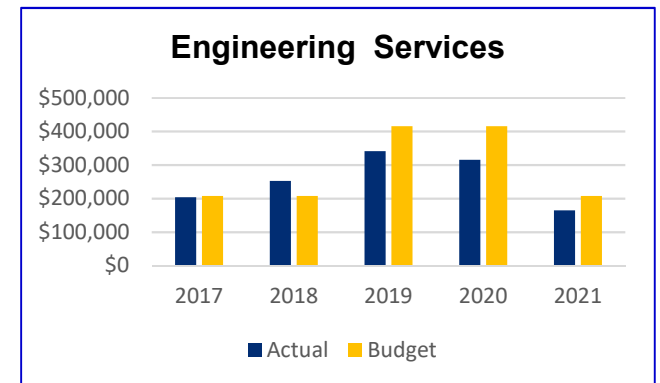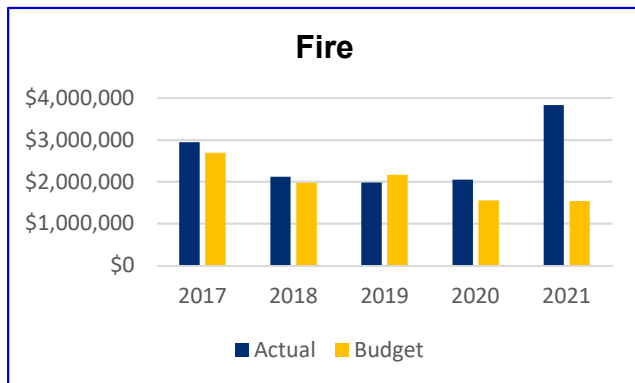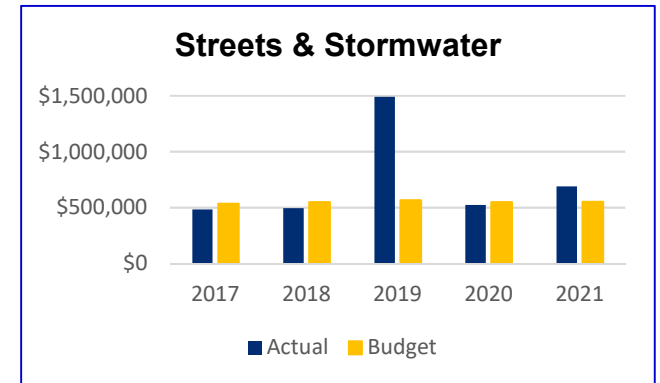Total actual overtime expense during FY2017-2021 exceeded budget by 20%, which is $11.7 million.

Streets & Stormwater

Engineering Services

Exhibit 3

Overtime Budget vs. Actual Expense All Departments
Fiscal Years 2017 - 2021
(in thousands)

Department	2021 Budget	2021 Actual	2021 Diff	2020 Budget	2020 Actual	2020 Diff	2019 Budget	2019 Actual	2019 Diff	2018 Budget	2018 Actual	2018 Diff	2017 Budget	2017 Actual	2017 Diff
Asset Mgt	$43	$150	($107)	$174	$159	$15	$130	$169	($39)	$98	$153	($55)	$103	$131	($28)
City Auditor	0	0	0	0	0	0	0	0	0	0	0	0	0	2	(2)
Communications	0	5	(5)	0	5	(5)	0	0	0	0	0	0	0	1	(1)
City Council	0	0	0	0	3	(3)	0	0	0	0	2	(2)	0	0	0
Customer Care	0	6	(6)	0	17	(17)	0	18	(18)	0	11	(11)	0	18	(18)
Engineering	207	164	43	416	315	101	416	341	75	208	252	(44)	208	203	5
Finance	37	15	22	49	26	23	29	48	(19)	31	97	(66)	20	35	(15)
Fire	1,539	3,830	(2,291)	1,555	2,047	(492)	2,162	1,985	177	1,976	2,118	(142)	2,692	2,948	(256)
Human Resources	5	0	5	2	9	(7)	2	24	(22)	2	16	(14)	2	8	(6)
Information Tech	52	65	(13)	107	98	9	106	85	21	52	99	(47)	53	84	(31)
Legal	0	0	0	0	11	(11)	0	16	(16)	0	13	(13)	0	18	(18)
Mayor	0	0	0	0	0	0	0	1	(1)	0	0	0	0	0	0
Human Rights	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MOED	0	2	(2)	0	2	(2)	0	0	0	0	0	0	0	2	(2)
Municipal Court	21	11	10	20	11	9	18	11	7	18	14	4	9	17	(8)
Parks and Rec	0	8	(8)	0	20	(20)	0	25	(25)	0	26	(26)	0	19	(19)
Planning and Dev	5	38	(33)	0	130	(130)	0	142	(142)	0	71	(71)	0	30	(30)
Police	6,982	6,968	14	7,404	7,679	(275)	6,888	7,261	(373)	6,720	7,733	(1,013)	5,853	7,520	(1,667)
Streets and Stormwt	550	688	(138)	550	524	26	566	1,492	(926)	550	495	55	533	482	51
Water and Sew	2,060	2,976	(916)	2,338	2,751	(413)	1,901	2,563	(662)	1,531	2,318	(787)	1,397	1,989	(592)
WIN	(1)	61	(62)	0	112	(112)	46	104	(58)	46	74	(28)	46	71	(25)
TOTAL	**$11,500**	**$14,987**	**($3,487)**	**$12,615**	**$13,919**	**($1,304)**	**$12,264**	**$14,285**	**($2,021)**	**$11,232**	**$13,492**	**($2,260)**	**$10,916**	**$13,578**	**($2,662)**