

Highlights

Why We Did This Audit

Overtime costs are significant. In FY 2013, the city spent almost \$18 million in overtime costs.

Excessive overtime use can result in employee health and safety concerns and lower productivity.

Our work focused on assessing how effectively the city is managing the use of overtime.

Background

The Fair Labor Standards Act (FLSA), a federal law, requires that some city employees receive at least one and one-half their regular hourly rate for hours worked over 40 in workweek. Public safety employees engaged in fire protection may be paid overtime on a “work period” basis. For work periods of 28 days, overtime pay is required when the number of hours exceeds 212. The FLSA permits employees of state or local government agencies to receive, under certain prescribed conditions, compensatory time off at a rate of not less than one and one-half hours for each hour of overtime worked.

Employees covered by the FLSA’s overtime provisions are referred to as non-exempt. City employees who belong to the American Federation of State, County, and Municipal Employees, AFL-CIO (AFSCME) Local 500, the International Association of Fire Fighters (IAFF) Local 42, some members of Local 3808, and some non-union city employees are non-exempt.

For more information, please contact the City Auditor’s Office, at 816-513-3300 or auditor@kcmo.org.

To view the complete report, go to www.kcmo.org/auditor and click on Audits and Memos.

PERFORMANCE AUDIT

Citywide Overtime

What We Found

Between fiscal years 2010 and 2013, the city increased annual overtime hours from about 385,000 to 574,000 hours. City overtime expenditures also increased from \$11.3 million in fiscal year 2010 to \$17.8 million in fiscal year 2013.

At least 86 percent of overtime hours and expenditures are concentrated in the Fire, Water Services, Aviation, and Public Works Departments.

Highest Overtime Hours and Expenditures by Department, Fiscal Years 2010 - 2013

Department	Hours	Percent of Hours	Expenditures	Percent of Expenditures
Fire	578,707	31.5%	\$19,032,105	34.8%
Water	560,813	30.5%	16,310,935	29.8%
Aviation	225,659	12.3%	6,124,686	11.2%
Public Works	221,201	12.0%	6,109,224	11.2%
All Other Departments	252,486	13.7%	7,102,597	13.0%
Totals	1,838,866	100.0%	\$54,679,547	100.0%

There are multiple factors driving overtime. The city code and collective bargaining agreements mandate overtime provisions beyond what is required by the Fair Labor Standards Act. In addition, the Fire Department pays a few overtime provisions that are not included in the code or CBA. The city also uses overtime to meet minimum staffing requirements as well as emergencies, such as snow removal and water main breaks. Increasing salaries have also driven overtime costs in recent years.

Some of the city’s overtime rules are not applied consistently. Supervisors did not always ensure overtime hours were correct. Department staff inaccurately categorized a few exempt city staff as non-exempt allowing them to be paid overtime. Training and written procedures could address these issues and prevent future errors. The city also needs to develop policies to address inconsistencies in employee time records.

Some employees work large amounts of and frequent overtime which can compromise their health and safety, and lower productivity. Tracking and analyzing overtime data for strategic decision making is not consistent in the city.

What We Recommend

Our recommendations included:

- Evaluating the need to change and/or renegotiate some overtime provisions in the city code or collective bargaining agreements.
- Providing written procedures and training on overtime practices.
- Requiring a written early clock-in policy.
- Monitoring individual’s cumulative overtime hours and frequency.
- Tracking overtime and performing periodic analysis.

Management agreed with all of the recommendations.