

# **PUBLIC WORKS OVERTIME**

(ID06-0001-1999)

Snohomish County  
Performance Audit Division

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# **Final Report**

**Issued to:  
Public Works**

**March 29, 2001**

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Performance Audit Division**



Snohomish County

**Auditor's Office**

Performance Audit Division

March 27, 2001

**Bob Terwilliger**  
County Auditor

Performance Audit Committee Members:

This report presents the results of our Public Works Overtime audit. Primary audit objectives included determining if overtime policies were documented and consistently applied; overtime is needed to provide appropriate staffing levels; overtime is needed to provide adequate construction emergency repair and maintenance standards; overtime is used for meeting, training, sick leave and other related matters; and if alternative strategies to overtime exist.

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Our approach was to analyze Public Works overtime by its seven divisions. We first obtained Public Works background information through review of its history and publications, and also by interviews with Public Works division managers and selected staff. We looked all divisions' union agreements as they pertain to granting and authorizing overtime. We then evaluated the divisions to determine whether controls were adequate to provide reasonable assurance necessary overtime was properly authorized and documented. Finally, we analyzed division and department records to determine if overtime rates impacted employee health and safety.

We found Public Works is effectively managing controllable overtime expense. There are mechanisms in place to budget for and control overtime, and overtime expenditures have decreased from 1998 through 2000. Time card reviews and discussions with department managers showed their strong interest in properly documenting overtime use and in reducing overtime costs overall. We also found no evidence of adverse health and safety impacts due to overtime levels. However, while there were some strong controls for controllable overtime, there exists opportunities for additional improvements.

We recommended six areas which address overtime policy, increased management coordination, overtime categories and reporting, and hiring which we estimate might save or avoid approximately \$129,000 - \$234,000 in additional overtime and salary and benefit costs. These savings would come from additional oversight of controllable overtime (policies, management coordination, and etc.) and not from reductions in essential overtime to support service levels. Additionally, small salary and benefit cost savings might be possible if Public Works is given approval to hire authorized full time employees when best needed to fill their work demands and not lose those positions if they suggest a hiring delay.

We wish to acknowledge the efforts of Peter Hahn, Pat Dugan and their staff who despite workload pressures, provided interview time, data, and access to records in support of the project. Their commitment to this effort and control of overtime in general were amply displayed during this audit.

Audits such as these help develop new management tools and are important in helping County managers address ongoing salary and budget challenges. The project audit team was led by Steven Torrence and assisted by Martin T. Standel.

Dean L. Ritchhart  
Performance Audit Manager



## *Executive Summary*

### **BACKGROUND**

During their September 3, 1999 regular meeting, the Performance Audit Committee (PAC) concurred with the Performance Auditor's risk assessment of County overtime and authorized review of Public Works overtime. Authority to review is through PAC approval of submitted projects. Upon approval, the project is incorporated into the annual audit plan, and then detailed risk assessments are performed, along with detailed audit plan development with scope and methodology. The plan goal ultimately answers questions identified by the Committee.

The audit objectives were to determine:

- If overtime policies are documented and consistently applied.
- To what extent is overtime needed to provide appropriate staffing levels?
- To what extent is overtime needed to provide adequate construction, emergency repair and maintenance standards?
- To what extent is overtime used for meeting, training, sick leave and other related matters?
- Alternative strategies to overtime.

The Committee had the following project questions:

- On what staffing standards is the study based?
- To what extent are overtime practices determined by the collective bargaining agreement?
- At what level is overtime being authorized in Public Works and how is it documented?
- Is overtime being distributed equally?
- Is overtime the most cost-effective method for meeting staffing needs of the County?

### **ORGANIZATIONAL BACKGROUND**

The Public Works (PW) Department has been integral to the County and helped meet citizen concerns since the 1869 appointment of three “viewers and a surveyor” to view and survey proposed road locations. With the growth of Snohomish County, the services PW provides today are diverse and challenging. Primary emphasis is developing and enhancing the following program areas: road resurfacing and reconstruction; road and bridge construction; traffic safety; surface water management; solid waste management; and fleet management. Seven major PW divisions help provide those services, Road Maintenance, Solid Waste Management, Fleet Management, Surface Water Management, Engineering Services, Transportation and Environmental Services, and Administrative Operations.

To help provide the better roads and varied customer services demanded by county citizens, PW noted it expends overtime, and stated uncontrollable overtime is impacted by two key



factors – weather and environmental concerns. For instance, in Transportation and Engineering Services' Traffic Operations Group's traffic light maintenance overtime increases after periods of inclement weather. During "bad weather" years Road Maintenance overtime for "cleaning up" following floods and snow and ice storms can be substantial.

During the critical summer, "good weather" construction schedule, the PW Road Maintenance Division hires temporary employees and expends overtime to complete projects on time. Solid Waste (SW) uses overtime to help ensure waste delivered to transfer stations is compressed and shipped daily to "clear" the station for next-day deliveries and that transfer station equipment is ready for next-day operations. During summer, increased yard waste can also strain equipment repair demands which leads to additional uncontrollable overtime.

All PW divisions that face weather-impacted tasks depend on overtime to meet project demands. For instance, Fleet Management expends overtime to ensure Road Maintenance road building and maintenance equipment is ready for summer work and that snow removal equipment is ready for winter. Further, they support SW truck and transfer site maintenance.

Environmental impacts also influence PW projects and overtime. Increased emphasis on salmon as an endangered species is driving growth in Surface Water Management work requirements and resulting overtime. Engineering Services design work and oversight of road and bridge project development are impacted by increasing and changing environmental oversight and laws. According to PW managers, in order to meet changing environmental requirements in design and contractor oversight, overtime has been and will continue to be even more necessary.

While overtime decreased in 1998, 1999, and 2000, the year 2000 overtime expenses still totaled \$1,788,865. Nearly \$294,000 or 16.4 percent was used to meet uncontrollable (primarily weather-driven) events (snow and ice, downed trees, flood fight, emergency traffic light work, and etc.) While inclement weather can greatly impact uncontrollable overtime, PW management is effectively managing controllable overtime expense.

## **APPROACH**

The review approach was to examine the seven primary individual PW divisions: Administrative Operations; Transportation and Environmental Services; Engineering Services; Surface Water Management; Road Maintenance; Solid Waste Management; and Fleet Management. Our review first looked at the union agreement by division as they pertain to granting and authorizing overtime. We interviewed each division manager to get a better understanding of individual division operations and overtime control procedures. We then looked at existing overtime needs, policies, procedures and controls within each PW division. Our review continued by looking at the divisions' safety records, including the number of Loss and Injury (L&I) claims filed over the review period. Reviews of each division's unique overtime aspects were accomplished and individual findings, and finally, a formal overall Findings Section captured PW concerns as a whole.

## *Findings*

Public Works management is responsible to plan their operations, oversee day-to-day performance, and review results to ensure maintenance programs are meeting goals and future improvements can be developed. Due to PW costing requirements, they have a detailed cost accounting system which allows them to effectively budget and monitor salary and benefits in general, and overtime in particular, and they do. This detailed overtime budgeting demonstrates their understanding of organizational overtime needs, provides accurate overtime “targets”, and allows PW internal overtime control. Some managers use specialized system reports for controlling overtime. In one division, monthly budgets are provided to every department supervisor to identify overtime expense. Another division uses flextime and others outsource (contract for services) as alternative strategies to overtime. Based on our fieldwork and analysis, PW overall does a solid job of managing controllable overtime expenditures.

### **A. INTERNAL OVERTIME CONTROLS**

We performed a standard internal control test on employee timesheets for all PW divisions except Administrative Operations. Using statistical and/or 100 percent sampling of 1999 forms, the following percentage of time cards were appropriately signed by the individual and their supervisor:

**Exhibit 8 – Department Time Card Control Percentages**

| <b><u>Department</u></b>                  | <b><u>Percent Signed</u></b> |
|---|------------------------------|
| Road Maintenance                          | 99                           |
| Solid Waste Management                    | 100                          |
| Fleet Management                          | 100                          |
| Surface Water Management                  | 96.4                         |
| Engineering Services                      | 100                          |
| Transportation and Environmental Services | 100                          |

Source: Public Works Time Cards

Throughout PW, overtime control appeared effective. Review of time cards and division managers’ overtime controls showed an interest by all managers to properly document overtime use.

### **B. OVERTIME BUDGETING**

Tradeoffs between increased, full-time manpower and significant overtime continue to be one of PW’s management challenges. Hiring summer, temporary employees is a staffing alternative to overtime. PW management feels paying overtime to critical, full-time personnel to meet work requirements can be also a cost-effective management business practice. It is management’s responsibility to monitor and provide overtime, and one method PW uses to meet overtime



oversight responsibilities includes capital program budget planning. Road Management has an effective planning process to estimate how long jobs should take and what they should cost. Fleet Management utilizes maintenance standards to schedule equipment servicing and schedule work efficiently. Both planning efforts help control overtime. Other management responsibilities are identified in the Fair Labor Standards Act (FLSA).

The FLSA governs when, where and how overtime must be paid. As stated in §29C.F.R., 785.11 – “Employees who with the knowledge or acquiescence of their employer, continue to work after their shift is over, albeit voluntarily, are engaged in compensable working time. The reason for the work is immaterial, as long as the employer ‘suffers or permits’ employees to work on its behalf, proper compensation must be paid.”

FLSA also states in §29C.F.R., 785.13 Duty of Management, “ In all such cases it is the duty of management to exercise its control and see that the work is not performed if it does not want it performed. It cannot sit back and accept the benefits without compensating for them. The mere promulgation of a rule against such work is not enough. Management has the power to enforce the rule and must make every effort to do so.” Management, as evidenced by time card control reviews, does control overtime. Also, as part of our overtime review, we examined budgeted overtime versus expended. The following chart identifies that PW budgeting is fairly precise and they have not exceeded their budgeted salaries and benefits amount from 1997 - 2000.

**Exhibit 9 – Public Works Salaries and Benefits  
1997 - 2000 (Budgeted Versus Actual)**

| Year | Budgeted      | Actual        | Percent |
|------|---------------|---------------|---------|
| 1997 | \$ 35,455,282 | \$ 30,363,566 | 85.6    |
| 1998 | \$ 36,627,730 | \$ 34,119,256 | 93.2    |
| 1999 | \$ 37,987,248 | \$ 36,135,502 | 95.1    |
| 2000 | \$ 41,108,719 | \$ 39,262,414 | 95.3    |

Source: Public Works Financial Data

Although impacted by emergency response requirements and additional “uncontrollable” aspects, PW’s overtime budgeting is reasonably accurate.

**Exhibit 10 - Public Works Overtime  
1997 – 2000 (Budgeted Versus Actual)**

| Year | Budgeted     | Actual       | Percent |
|------|--------------|--------------|---------|
| 1997 | \$ 2,652,375 | \$ 2,712,923 | 102.3   |
| 1998 | \$ 1,825,867 | \$ 2,171,926 | 119.0   |
| 1999 | \$ 1,744,750 | \$ 1,797,910 | 103.0   |
| 2000 | \$ 1,996,140 | \$ 1,788,865 | 89.6    |

Source: Public Works Financial Data

PW management’s overtime budgeting data demonstrates a concerted effort to identify and manage controllable overtime. However, another overtime control method, stronger overtime policy guidance, has not been provided all PW personnel.



### **C. OVERTIME POLICY**

While some PW division managers provided effective overtime guidance, PW overall has not provided specific written overtime policy. Managers appeared familiar with the union agreements and addenda that provide some overtime oversight guidance. However, there is no written policy from PW management or divisions (other than Solid Waste) that provided specific policy of where and when overtime should be used.

Written overtime policy can provide a better understanding of when work demands overtime and when it is more cost effective to use overtime. Written policy also helps personnel understand overtime is not an entitlement, and provides management a better defined standard against which to evaluate employee overtime. Finally, documented policy demonstrates management's seriousness about overtime control.

### **D. MANAGEMENT COORDINATION**

Discussion with division managers helped confirm they were concerned with overtime control in their divisions. While managers at all levels noted discussion regarding overtime concerns routinely occurred in staff and division meetings, several managers suggested more formal manager coordination and cooperation were needed to continue improving overtime controls and workflow understanding.

This workflow understanding was noted since job delays in some divisions impact other divisions' overtime. When several divisions are involved in efforts toward a common goal and one division's work is delayed, it usually results in overtime for a "downstream" division. Managers noted evolving environmental standards are becoming more stringent and that makes project cooperation and coordination even more critical, particularly to meet deadlines and minimize overtime.

To minimize overtime, a number of managers have unique tools including some management reports to help control their division's overtime, but those overtime tools were not communicated to other PW managers to "spur" additional overtime control ideas.

### **E. OVERTIME CATEGORIES & REPORTING**

During audit fieldwork, it was discovered overtime was generally reported and controlled as a single overtime category. While holiday and weekend overtime (Solid Waste), mandatory work preparation overtime (lead responsibilities in Road Maintenance), and job completion overtime (Fleet Management and PW general requirements) could be unique, the categories are not fully delineated or easily analyzed using the SFG financial system. This makes it difficult for PW managers to evaluate what type of overtime staff is performing, determine if it is required, and fully appreciate how costly and perhaps unnecessary some overtime expenditures are.

Part of the reason for the lack of overtime delineation, may be the difficulty in generating management overtime reports. Two managers noted it was difficult and time consuming to create useful reports using the SFG financial system software.

## **F. OVERTIME DUE TO MANPOWER SHORTAGES**

In Fleet Management (FM) and Solid Waste overtime is significant. While managers noted much of that overtime is based on the “nature of the job,” they felt some was due to FTE shortages and personnel hiring challenges. FM asked for increased FTE in 2000 of two mechanics, but one was approved. Further, the manager noted difficulties in hiring replacement mechanics tended to “drive” overtime by existing staff to meet job requirements. FM’s 2000 overtime was \$105,035 an increase of \$23,316 from the 1999 overtime cost of \$81,719.

Solid Waste’s (SW) overtime for 1999 showed that seven percent of it was required for training purposes. Management noted overtime had to be used for training since there were not enough FTE to effectively fill the required shifts on regular time while personnel were trained. There was a similar situation in 2000 and the overtime expenditure was \$470,642, or 146 percent of the \$352,586 budgeted. The County increased SW’s FTE for 2001 by 10.5 FTE and those personnel should reduce SW overtime expenditures.

Also, several other department managers noted the difficulty in hiring some critical personnel and they stated this, coupled with increased environmental planning demands, drove some overtime expenditures. The Human Resources Director noted difficulties in hiring some engineers due to the competitive job market, and according to the Engineering Services manager, this increased overtime expense.

## **G. HIRING PRACTICES**

During this overtime review, several managers mentioned they felt they could save money, without increasing overtime, if they could leave full time employee (FTE) positions vacant until they are needed. For instance, Road Maintenance expends tremendous overtime and hires a large number of temporary employees to meet the Summer construction schedule, but in “wet” weather, evolving environmental concerns are limiting when and where certain work can be done. The manager noted a less critical FTE position(s) might be able to be left vacant until better weather and work demands drove requirements to fill the position(s).

Solid Waste managers also noted summer yard and construction waste increases the amount of garbage they must handle for several months, but other times of the year there is generally less. Here managers noted allowing them more discretion on when to fill FTE positions might also save monies.





Currently, managers stated if they request FTE positions be left vacant for any period, they feel they will lose those positions (use or lose syndrome). With the cyclic nature of PW job requirements, FTE are critical, but are more critical when they are most needed.

## H. HEALTH AND SAFETY

During the review, we found no evidence overtime impacted the health and safety of PW personnel.

### *Conclusions*

**OVERTIME BUDGETING** – PW overtime controls appear to be adequate. Due to PW's contract cost recovery requirements, they have a detailed cost accounting system which allows their managers the capability to monitor financial information including overtime. Based on their overall salary and benefits budgeting, they do control their personnel expense. Even with emergency response requirements and other "uncontrollable" overtime impacts their budgeted versus expended overtime is well controlled. Further, the decreasing overtime from 1997 through 2000 helps demonstrate PW management is trying to reduce overtime expenditures.

**TIMESHEET REVIEW** – Timesheet control reviews showed four of the six divisions reviewed had 100 percent of timesheets appropriately signed by an individual and their supervisor, one division had 99 percent of timesheets appropriately signed, and one division tested had a 96.4 percent control rate. Timesheet controls appear effective.

**OVERTIME CONTROL** – Discussion with PW managers noted their interest in controlling overtime. One manager had developed an overtime policy to resolve holiday overtime concerns, while another used some internally developed management reports to help overtime control. Other control efforts included using temporary employees, coordinating job requirements, and use of flex time to eliminate some overtime. Throughout PW there appeared to be significant management efforts to control overtime

### *Recommendations*

The following recommendations are based on PW management suggestions and observations during field work and analysis. If implemented, the recommendations might save or avoid approximately \$129,500 - \$234,000 per year in additional overtime and salary and benefit costs.

## **A. OVERTIME POLICY**

While some PW department managers provided overtime guidance, PW overall or its Divisions (other than Solid Waste), have not provided specific written overtime policy of when overtime should be used. Traditionally, increased management control or “interest” in an area reduces costs from 5 – 10 percent which could mean a yearly reduction of \$74,500 - \$149,000 of PW’s controllable overtime (\$1,494.865).

**Recommendation No 1.** We recommend Public Works provide each employee formal, written departmental overtime policy spelling out when overtime should be used and approval authority.

## **B. MANAGEMENT COORDINATION**

Discussions with division managers clarified their individual concern for overtime control and varied methods they used for that control. While managers at all levels noted discussing overtime issues and controls routinely in staff and division meetings, several managers suggested increased manager coordination and cooperation might even better improve overtime controls and work flow understanding. Unique division overtime tools generally did not “crossflow” to other PW managers to help “spur” other overtime control ideas. While some unique control tools are not applicable to other divisions, improvements in overtime control are important since delays in one division (planning, permitting, repair, and etc.) often drives overtime in others, and better controls can lead to reduced overtime costs.

**Recommendation No 2.** We recommend Public Works managers formally meet as required (biyearly, quarterly, etc.) to discuss overtime impacts within and between divisions, and share overtime controls methods (policies, procedures, reports, and etc.) and workload plans that drive overtime.

## **C. OVERTIME CATEGORIES & REPORTING**

During audit fieldwork, it was discovered overtime was generally controlled as a single overtime category. Emergency work is generally captured under specific job codes and some overtime related to that can be analyzed. However, while holiday and weekend overtime (Solid Waste), mandatory work preparation overtime (lead responsibilities in Road Maintenance), and job completion overtime (Fleet Management and PW general requirements) could be unique overtime reporting categories, they and others are not clearly delineated and easily analyzed using PW’s financial system. This makes it difficult for PW managers to analyze what type of overtime staff is performing, determine if it is required, and even better control it.



Further, several managers noted that even if they had varied overtime categories, the existing report generation software of the SFG financial system make it difficult to produce overtime control reports. They noted developing the reports was time consuming and the process was not as flexible as wanted.

**Recommendation No 3.** We recommend Public Works more thoroughly categorize and capture types of overtime (holiday, emergency, training, etc.) so data can be subsequently analyzed to aid overtime control.

**Recommendation No 4.** We recommend Public Works coordinate with DIS to expedite the SFG financial system report generation software replacement in Public Works and plan for the required personnel training necessary to operate it.

## **D. OVERTIME DUE TO MANPOWER SHORTAGES**

In Fleet Management (FM) and Solid Waste overtime is significant. While managers noted much of that overtime is based on the “nature of the job,” some they felt was due to FTE shortages based on authorized personnel and personnel hiring challenges. FM asked for increased FTE in 2000 of two mechanics, but one was approved. Further, the manager noted difficulties in hiring replacement mechanics tended to “drive” overtime by existing staff to meet job requirements. Fleet Management’s 2000 overtime was \$105,035.

Of the \$105,035 overtime cost in 2000, \$34,977 was the premium pay portion (the “half” of time and a half paid for overtime) spent. The remaining \$70,058 appears to be enough money to pay for an additional full-time employee’s salary and benefits, and the \$34,977 in premium pay might be able to be saved. Additional overtime analysis and anticipated work demands may indicate another approved FTE might be less expensive than the overtime hours now used.

Solid Waste’s (SW) overtime for 1999 showed that seven percent of it was required for training purposes. Management noted overtime had to be used for training since there were not enough FTE to effectively fill the required shifts on regular time while personnel were trained. There was a similar situation in 2000 and the overtime expenditure was \$470,642, or 146 percent of the \$352,586 budgeted. The County increased SW’s FTE for 2001 by 10.5 FTE and those personnel should reduce SW overtime expenditures.

**Recommendation No 5.** If work and overtime analysis demonstrates overtime cost or avoidance savings will pay for another FTE, we recommend Fleet Management submit a request for an additional FTE authorization.

## **E. HIRING PRACTICES**

While performing this overtime review, several managers noted they could save money, without increasing overtime, if they could leave full time employee (FTE) positions vacant until they are



needed. For instance, Roads Maintenance expends tremendous overtime and hires a large number of temporary employees to meet the Summer construction schedule, but in “wet” weather, evolving environmental concerns are limiting when and where certain work can be done. The manager noted a less critical FTE position(s) might be able to be left vacant until better weather and work demands drove requirements to fill the position(s).

Road Maintenance road worker 2 full time employees at step 5 earn \$18.30 an hour. (The pay scale is from levels 1 – 6.) Hence, if a road worker 2, step 5, left RM after the primary construction season, the County could save approximately \$3,800 in salary and benefits each month that position was not filled until needed. With RM’s yearly personnel turnover rates, an estimated \$20,000 - \$50,000 yearly might be saved. Some savings might also be possible in Solid Waste.

Solid Waste managers noted summer yard and construction waste increases the amount of garbage they must handle for several months, but other times of the year there is generally less. Here managers noted allowing them more discretion on when to fill FTE positions might also save monies.

Currently, managers stated if they request FTE positions be left vacant for any period, they feel they will lose those positions (use or lose syndrome). We realize the difficulty in balancing the demand and availability of staff and the uncertainty of turnover rates. However, with the cyclic nature of PW job requirements, FTE are critical during periods of high workload demand.

**Recommendation No 6.** We recommend Public Works be given the authority to hire authorized FTE personnel when best needed to fill their work demands and not lose those positions if they suggest a hiring delay.

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## *Introduction*

As an ongoing process, the Performance Audit Division conducts risk assessments to identify and prioritize potential areas for review, which if approved, are subsequently incorporated in our annual audit plan. During April 1999, the Performance Audit Division conducted a risk assessment analysis on County overtime. This analysis was limited to quantifying the departments' overtime amount and growth rate for the 5-year period 1993 – 1998.

Three departments (Public Works, Corrections, and the Sheriff's Office) collectively incurred the largest County overtime expense amount. Since 1993, the combined actual overtime for these three departments increased over 400% from \$1.1 million (1993) to \$5.1 million (1998) with an annual growth rate in excess of 35%. While the trend for 2000 showed a slowing of this growth rate, the level of overtime expenditures by all was sufficiently high to merit detailed review and investigation.

During their September 3, 1999 regular meeting, the Performance Audit Committee concurred with the Performance Auditor's risk assessment and authorized reviews of all three departments including Public Works (PW).

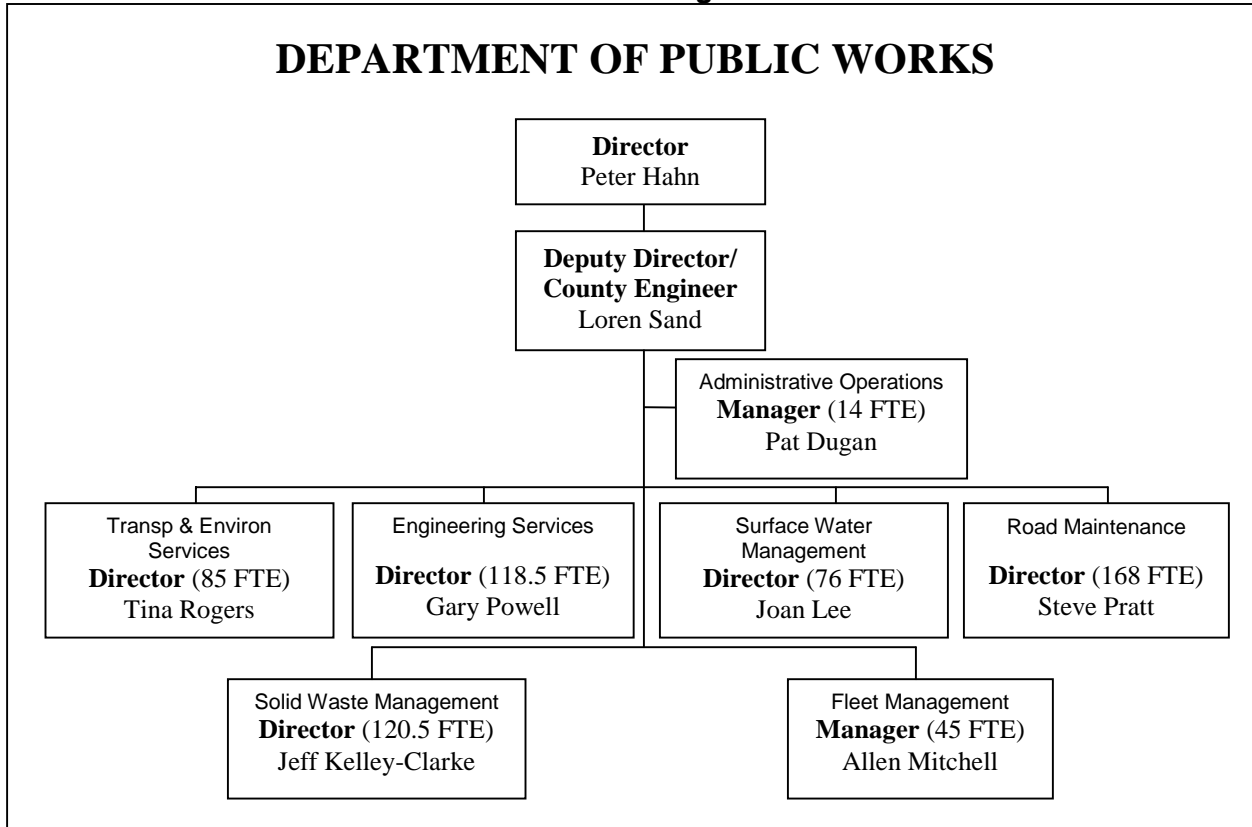
### **PUBLIC WORKS BACKGROUND**

In 1861, the Washington Territorial legislature acted to create Snohomish County and one of the primary reasons for establishing a local governing body was to develop roads. Beginning in 1869, three "viewers and a surveyor" were appointed to view and survey proposed road locations, and this served as the forerunner of PW's involvement in road work which continues today.

However, roads were not the only citizen concerns and as demands for additional public services increased, Public Works expanded. Given the vigorous growth of Snohomish County, the services provided today are diverse and challenging, and a wide range of programs and services are provided to fulfill PW's mission. Primary emphasis is developing and enhancing the following program areas: road resurfacing and reconstruction; road and bridge construction; traffic safety; surface water management; solid waste management; and fleet management.

PW's seven major divisions: Administrative Operations; Transportation and Environmental Services; Engineering Services; Surface Water Management; Road Maintenance; Solid Waste Management; and Fleet Management provide Snohomish County citizens service in these crucial program areas. The current, full-time manpower in PW is 632 including 18.5 project positions. See exhibit 1 following:

**Exhibit 1 – Public Works Organizational Chart**

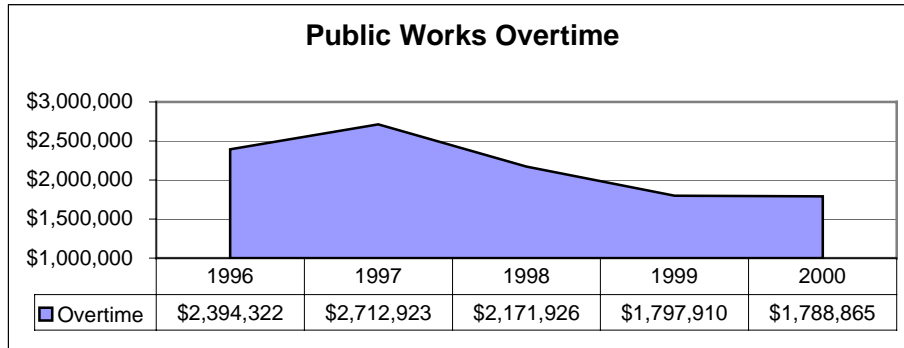


Source: Public Works

**PUBLIC WORKS OVERTIME**

In 1999, the department expended over \$207 million to provide services. Overtime costs for that year were \$1.798 million or less than 1 percent of the total budget. The following overtime chart shows PW's actual overtime expenditures for 1996 – 2000.

### Exhibit 2 – Public Works Overtime (1996 - 2000)



Source: Public Works Actual Overtime

Overtime usage in the year 2000, totaled \$1,788,865 or 89.6 percent of that budgeted.

Although annual overtime expenditures decreased in 1998, 1999, and 2000, PW overtime now is and in the future, will be critical to meeting their job requirements. Today's overtime is largely spurred by citizen demands and work requirements, and impacted by two key factors – weather and environmental concerns. In 2000, a relatively “calm” weather year, weather-driven uncontrollable overtime in various PW divisions totaled nearly \$294,000 or 16.4 percent of the \$1,788,865 PW expended for overtime. But weather is not the only overtime “driver.” In today's fast-paced world, ever-more county citizens demand better roads and varied customer services. To meet those requirements, PW expends overtime.

Solid Waste management expends overtime to ensure solid waste delivered daily to transfer stations is compressed and shipped to “clear” the station for next-day deliveries and that transfer station equipment is ready for next-day operations. Studies for placement of new stop lights and routine light maintenance by Transportation and Engineering Services' Traffic Operations Group occasionally require overtime, and during inclement weather, light repair overtime expenses generally increase. However, weather, inclement or not, has tremendous PW overtime impacts.

To meet the critical summer, “good weather” construction schedule, the PW Road Maintenance (RM) Division hires temporary employees and expends significant overtime. In years with inclement weather, overtime for “cleaning up” following floods and snow and ice storms can also be substantial. Although 2000 weather was relatively moderate, RM emergency weather overtime totaled \$132,702 or 16 percent of the total RM expended for overtime. PW operations that face these weather-impacted tasks also drive other overtime. For instance, Fleet Management expends overtime to ensure County road building and maintenance equipment is ready for summer work and that snow removal equipment is ready for winter. Further, if either good or bad weather continues for an extended period, Fleet Management overtime increases to insure needed equipment remains available. In preparation for the summer construction schedule, various PW engineering and design sections' may require overtime to complete the necessary plans. During summer, PW surveying and quality control overtime may be



necessary to support contractor construction on county projects. If flooding occurs, Surface Water may require overtime to examine and then mitigate the impact. Overall, in good weather and bad, PW expends overtime.

Environmental impacts also influence PW projects and subsequent overtime. The increased emphasis on salmon as an endangered species is driving fast growth in Surface Water Management staffing. Their involvement in capital improvement projects, planning, drainage complaint response, river management, water quality/quantity monitoring, education, watershed stewardship, riverbank stabilization, watershed planning and coordination with other county construction projects are all increasing. Engineering Services oversight of design and project development of roads and bridges, condition inspection, geotechnical engineering, consultant selection and contract negotiations, and construction management/inspection, are all impacted by increasing environmental oversight and laws. This year, because of environmental concerns many road maintenance project approvals were delayed until August, and Roads management was then faced with completing their construction schedule with a dwindling temporary workforce as some temporary workers returned to school. This type of problem will continue and will demand more of PW managers to ensure responsibilities are met. According to PW managers, in order to meet these environmental requirements in design and contractor oversight, overtime has and will continue to be even more necessary.

## ***Risk, Objectives, Questions, Scope, Approach***

Authority to review overtime is through Performance Audit Committee approval of submitted projects. Upon approval, the project is incorporated into the annual audit plan. More detailed risk assessments are performed, along with development of a detailed audit plan, scope and methodology. The goal is to develop a plan that ultimately answers questions identified by the Committee with its project approval of PW overtime.

### **RISK ASSESSMENT**

Risk Assessment is an audit responsibility and is the act or practice of identifying the risk drivers and their magnitude. It requires the auditor to review and identify risks that may adversely affect a department or organization. The risk assessment process requires a disciplined approach and enhances the audit process by identifying, analyzing, and assessing the likelihood of risk occurrence and consequences; estimating an organization's assessed risk exposure and possible impacts; and determining an acceptable risk level. As a component of pre-audit analysis, risk assessment uses previous audits and planning assessments to rank risk impact of a department or organization.

Our pre-project risk assessment of PW overtime management was deemed medium to high. This element of county government is prone to seasonal and emergency overtime needs and other PW overtime is still significant.

- Even with overtime decreases in 1998 and 1999, PW's 1999 overtime dollars still totaled \$1,797,910. (See exhibit 2)
- There does not appear to be a relationship between overtime and health and safety issues
- The union contract influences PW actions

A review of overtime cost by PW division and the average overtime per full time employee (FTE) was also completed to help determine risk. Exhibit 3 shows the 1999 results.

**Exhibit 3 – Public Works Overtime Per FTE (1999)**

| <b>Public Works Divisions</b>             | <b>1999</b>        | <b>Average Per FTE</b> |
|---|--------------------|------------------------|
| Road Maintenance                          | \$ 907,512         | \$ 5,402               |
| Solid Waste Management                    | \$ 402,506         | \$ 3,426               |
| Engineering Services                      | \$ 260,588         | \$ 2,225               |
| Fleet Management                          | \$ 81,719          | \$ 1,857               |
| Transportation and Environmental Services | \$ 129,199         | \$ 1,595               |
| Surface Water Management                  | \$ 16,052          | \$ 241                 |
| Administrative Operations                 | \$ 0               | \$ 0                   |
| <b>Total</b>                              | <b>\$1,797,576</b> | <b>\$ 2,961</b>        |

Source: Public Works Financial Data

## **AUDIT OBJECTIVES & SCOPE**

Public Works Overtime audit objectives were to determine:

- If overtime policies are documented and consistently applied.
- To what extent is overtime needed to provide appropriate staffing levels?
- To what extent is overtime needed to provide adequate construction, emergency repair and maintenance standards?
- To what extent is overtime used for meeting, training, sick leave and other related matters?
- Alternative strategies to overtime.

The scope of the audit included the period between January 1, 1999 to December 31, 2000.

## **QUESTIONS**

Project questions for which the Performance Audit Committee requested answers follow:

- On what staffing standards is the study based?
- To what extent are overtime practices determined by the collective bargaining agreement?
- At what level is overtime being authorized in Public Works and how is it documented?
- Is overtime being distributed equally?
- Is overtime the most cost-effective method for meeting staffing needs of the County?



## AUDITING STANDARDS, AUTHORITY

Snohomish County Code (Chapter 2.700.020) states all performance audits and or reviews are conducted in accordance with government auditing standards. Per Performance Audit Division policy, this review adhered to Government Accounting Office Standards concerning procedures to develop findings and for communicating results with responsible managers and officials.

According to GAO Standards, a finding or set of findings is complete to the extent that the objectives are satisfied and the report clearly relates those objectives to the finding elements. Unlike a financial audit finding, a review finding is a statement that a condition exists. This may not necessarily imply a problem or that some corrective action must be implemented.

We conducted our review in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States (1994 Revision). Those standards required we plan and perform the review to obtain reasonable assurance PW provides the critical financial management and operational controls and oversight.

## PUBLIC INFORMATION

This report is intended initially to provide information to the County Executive, County Council, and to Department Directors. All of this report is a matter of public record and distribution should not be limited. **However, confidential information is not public record and shall not be distributed.** Information extracted from this report may also serve as a method to disseminate information to the public as a reporting tool to help citizens assess government operations. All audit division reports are reviewed internally by responsible managers and officials and their formal written responses are incorporated into final reports as both a policy of the Performance Audit Committee and government auditing standards (GAO Standard 7.38).

## APPROACH

The overall review approach was to examine the seven PW divisions: Administrative Operations; Transportation and Environmental Services; Engineering Services; Surface Water Management; Road Maintenance; Solid Waste Management; and Fleet Management. Our review first looked at the union agreement by division as they pertain to granting and authorizing overtime. We interviewed each division manager to develop an understanding of individual division operations and overtime control procedures. We then looked at existing overtime needs, policies, procedures and controls within each division. Our review continued by looking at the divisions' safety records, including the number of Loss and Injury (L&I) claims filed over the review period. Reviews of each division's unique overtime aspects in were accomplished and individual findings documented, and finally, a formal overall Findings Section captures overall department issues.

# *Division Assessments*

## A. Overall

The following exhibit notes the 1999 and 2000 actual overtime spent. While Solid Waste Management and Surface Water Management exceeded their budgeted amount, Public Works overall only expended 89.6 percent of their 2000 budgeted amount for overtime.

**Exhibit 4 – Public Works Division Overtime (1999 – 2000)**

| <b>Public Works Division Overtime</b>     | <b>1999 Actual</b>  | <b>2000 Budgeted</b> | <b>2000 Actual</b>  |
|---|---------------------|----------------------|---------------------|
| Road Maintenance                          | \$ 907,512          | \$ 1,002,543         | \$ 807,516          |
| Solid Waste Management                    | \$ 402,506          | \$ 352,586           | \$ 472,642          |
| Engineering Services                      | \$ 260,588          | \$ 324,407           | \$ 292,267          |
| Fleet Management                          | \$ 81,719           | \$ 120,354           | \$ 105,035          |
| Transportation and Environmental Services | \$ 129,199          | \$ 167,250           | \$ 78,366           |
| Surface Water Management                  | \$ 16,052           | \$ 29,000            | \$ 32,890           |
| Administrative Operations                 | \$ -                | \$ -                 | \$ 149              |
| <b>Total</b>                              | <b>\$ 1,797,576</b> | <b>\$ 1,996,140</b>  | <b>\$ 1,788,865</b> |

Source: Public Works Financial Data

Review of union agreements by division indicated a similar general requirement as is noted in Section 3. of the Fleet Management Addendum to the Master Agreement, AFL-CIO Local #109. "Overtime pay shall be paid for any work performed in excess of the posted schedule, or forty (40) hours a week, to be paid at a rate of time and one-half (1-1/2)." This time and one-half overtime rate is a key requirement in all union agreements that apply to Public Works.

Further, after review of all divisions' health and safety records and comparing them to overtime by individual, there was no statistical indication overtime use significantly impacted the health and safety of Public Works employees.

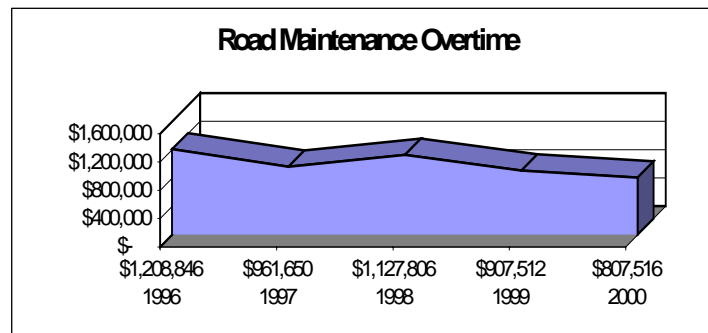
## B. ROAD MAINTENANCE

Road Maintenance has an assigned staff of 168 FTE and performs the most traditional Public Works function. Operating out of three road shops located in Arlington, Snohomish and a Paine Field, the division is responsible for maintaining 1,607 miles of "County roads" and 186 bridges. The division also constructs and maintains road safety projects, and drainage and flood facilities. During and after storms, it provides emergency response for road clearing and repair, and during flood emergencies, helps maintain the County's many miles of riverfront levies.

## Overtime Needs, Policies and Controls

In Road Maintenance (RM), overtime is a normal way of doing business and weather is a significant overtime “driver.” To meet the critical summer, “good weather” construction schedule, the Public Works RM Division hires temporary employees and expends significant overtime. In years with inclement weather, overtime for “cleaning up” behind floods and snow can also be substantial. In 2000, a year with minor weather problems, overtime for snow and ices removal, flood fighting, downed tree removal, and emergency drainage call outs totaled nearly \$80,000. This, combined with overtime for such problems as dead animal and litter pickup, emergency call outs for signals, and other miscellaneous emergency and legally mandated overtime, totaled nearly \$229,000 of uncontrollable overtime, or 29 percent of RM’s \$807,516 overtime expense. Due to the short construction schedule, management considers FTE overtime as generally a best-management practice, and using of temporary employees and select overtime may be less expensive than a larger FTE count. However, RM overtime is significant and overtime control is critical. (See exhibit 5 below)

**Exhibit 5 – Road Maintenance Overtime (1996 - 2000)**



Source: Public Works Financial Data

The large amount of overtime, particularly during the Summer “construction season,” is significant; particularly since long hours can lead to safety and health concerns. Further, controls to prevent overtime abuse during periods of high overtime are important.

Overtime policies and controls used by Road Maintenance are primarily those specified in the Road Maintenance Addendum to the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. The following sections apply:

Section 3. “Shift differential pay shall not apply to call-outs and to overtime hours worked on an employee’s regular shift, and shall not be included in calculating overtime pay.”

Section 4. Overtime pay shall be paid for any work performed in excess of the posted schedule, to be paid at a rate of time and one-half (1-1/2). Upon approval of the

employer, an employee may take compensatory time in lieu of payment in accordance with the Fair Labor Standards Act (F.L.S.A.).

Section 5. When an employee is called out or back to work he/she shall be entitled to a minimum of three (3) hours call-out time.

- A. 'Call-out' is anytime you are called to perform unscheduled work, either more than one hour before shift start or after leaving shift.
- B. Activation of the Snow and Ice, Flood or Earthquake Plans is a 'Shift Change' and not a call out.

Section 6. When an employee is called out to work and subsequently sent home for lack of work, he/she shall be entitled to two (2) hours show-up time.

Section 7. All work on holidays shall be at one and one-half (1-1/2) times the regularly established rate for the actual hours worked in addition to the regular holiday pay for eight (8) hours. All work on Thanksgiving Day and Christmas Day shall be paid at two (2) times the regular straight-time rate.

Section 8. All work on Saturday and Sunday will be at one and one-half (1-1/2) times the regularly established rate.

Section 9.

- A. All overtime, including Fridays and weekends, assigned to a Seasonal Crew will be performed by the employees who successfully bid for the seasonal assignment, unless vacation is scheduled at least two weeks in advance.
- B. Overtime shall be balanced among employees within Road Maintenance worker Classifications.
- C. All overtime, call out and scheduled, will be distributed via a monthly sign up sheet.
- D. All overtime earned shall be included in the monthly overtime report, including: call outs, scheduled overtime, emergencies, extensions of shift, and comp time. All overtime accrues under the individual's regular Road Maintenance Worker classification.
- E. Balancing shall, on the individual's request, occur:
  - \* Based on the official overtime report.
  - \* When a minimum of 40 hours has been accrued by the individual.
  - \* When there is a minimum 20% differential between highest individual per classification and individual requesting balancing.
  - \* Any employee who request overtime balancing per the 20% rule shall make such request by Tuesday of the preceding week and shall be placed on a crew in weekly increments, starting on Mondays.

- F. If no employees on the overtime sign-up list are available to work, overtime will be assigned to other employees.”

No additional written PW or RM overtime policies or controls are provided. Due to RM’s yearly overtime totals and significant overtime by particular employees, a review of time card controls was accomplished.

## C. SOLID WASTE MANAGEMENT

Solid Waste Management (SW) has an assigned staff of 120.5 FTE and handles management and transfer of Snohomish County’s waste at three transfer stations in Arlington, Everett, and Mountlake Terrace; six County drop box locations in rural areas; and one household hazardous waste facility in Everett. Due to environmental and developmental pressures, there are no operational garbage landfills in the County and all solid waste is shipped to a privately owned and operated landfill in Eastern Washington. Special SW programs focus on recycling, waste prevention, and handling special wastes to help reduce the 1,200 tons of solid waste handled daily.

### **Overtime Needs, Policies and Controls**

In SW, management noted overtime is critical to support their operation. Their overtime requirements are somewhat similar to Corrections and the Sheriff’s Office since they are a seven-days-a-week operation, open from 7:00 AM – 7:00 PM, and only closed four holidays a year. Although management noted productivity improvements involving personnel shifts, improved station design, and acquiring new trucks to haul more garbage per load, overtime grew from \$271,913 in 1996 to \$402,506 in 1999, or 148 percent. SW overtime in 1999 totaled \$402,506 and in 2000 totaled \$472,642 which exceeded the \$352,586 budgeted for the year. (See exhibit 4 on page 7)

SW overtime growth is driven by several factors. As County population increased, the amount of solid waste has grown to more than 1,200 tons needing to be handled daily. According to SW management, this workload is becoming more difficult for its aging work force. Much of SW’s work is physically demanding and as workers become older, they are more prone to injuries. Costs to replace their time and experience include some additional overtime. Overtime cost is also impacted by a requirement that waste sites be open daily (except four holidays a year). This required holiday work inherently increases overtime expenditure since all costs those days are at a higher rate. Also, If waste, dump or transfer station equipment is broken and needs repair, expending overtime to insure sites are operational the next day was stated as a requirement. Finally, SW management has been trying to “hold down” personnel numbers and thus “hold the line” on the waste tipping fee (the cost of garbage being dropped off at their sites.) These lower personnel numbers, mean that when people get sick or injured, others work overtime to make up the missed hours. While some overtime expense has been mitigated by the use of temporary employees, overtime is still required to meet manning needs.

Overtime policies and controls used by SW are primarily those specified in the SW Addendum to the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. The following sections apply:

Section 2. Overtime pay shall be paid for any work performed in excess of forty (40) hours to be paid at a rate of time and one-half. In lieu of paid overtime employees may, subject to supervisor approval, receive compensatory time which shall be used when operations permit and shall be administered in accordance with the Fair Labor Standards Act (F.L.S.A.).

Section 3. All work on holidays shall be at one and on-half times the regularly established rate for the actual hours worked in addition to the regular holiday pay of eight (8) hours. Operations staff shall observe holidays on the actual calendar day of the holiday rather than that observed in the Master Agreement, with the exception of staff not needed for operation of transfer and disposal facilities. Management shall designate such exceptions at least one (1) month before a given holiday and such staff shall observe the holiday as designated in the Master Agreement. All others shall observe the holidays as stated in the Master Agreement. All work on Thanksgiving Day and Christmas Day shall be paid at two (2) times the regular straight time rate.

Section 4. The regular full time employee workweek shall consist of 40 hours Monday through Sunday with at least two (2) consecutive days off.

A. Night shift employees shall work as assigned and shall be allowed to take thirty (30) minutes lunch break on County time. All shifts of at least seven hours duration ending at or after 7:00 P.O.M. shall be considered night shifts.

B. Employees shall be at their workstation no later than the scheduled starting time. Travel to and from work shall be on the employee's time. Site attendants shall be required to remain at their work station during their lunch break. This is considered as time worked and is already calculated into the work day.

C. Employees who are required to work in excess of forty (40) hours per week shall be paid overtime at the rate of time and one-half (1-1/2) as long as this is in excess of the employee's regular work schedule.

While no additional written Public Works management overtime policies or controls are provided, SW management prepared a guideline for personnel to explain pay and scheduling procedures during holiday weeks, and prevent overtime abuses during those periods.

Other efforts SW management noted to reduce scheduling difficulties and help control overtime included scheduling some personnel on four 10-hour days and others on five 8-hour days. Also, to reduce overtime, management is shifting and scheduling personnel to "flattening" the leave schedule (not allowing many personnel to go on leave at the same times), thus ensuring enough people are available during busy periods. By having more



people available, they reduce the amount of overtime required to cover vacant positions. To be more efficient, SW has improved dump station design, and to reduce truck driver requirements, they are getting new trucks in which garbage can be better compressed and more waste hauled in fewer loads.

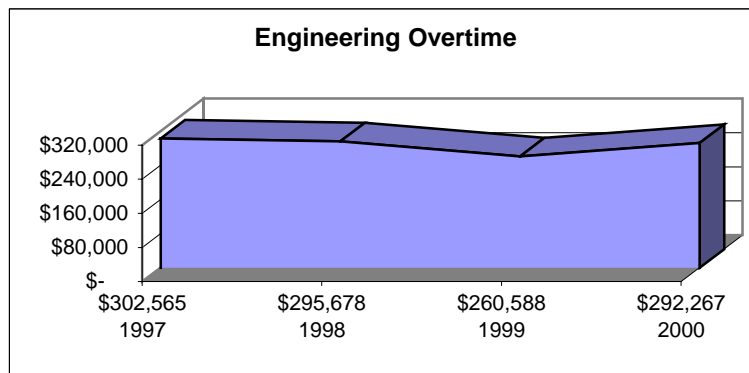
## C. ENGINEERING SERVICES

The Engineering Services Division (ESD) has an assigned staff of 117.5 FTE in five primary groups. ESD's primary task is overseeing the construction or improvement of new or existing County roads and bridges. While most projects are completed by private contractors, Engineering Services provides the following services to the public, county departments, and various governmental agencies: design and project development of roads and bridges; condition inspections; right-of-way acquisition; geotechnical engineering; materials testing; contract administration; consultant selection and contract negotiation; construction management and inspection; and survey control. They also handle citizen inquiries about ongoing county capital road and bridge projects, and Public Land Survey System (PLSS) control.

### Overtime Needs, Policies and Controls

Engineering Services' overtime needs are heavily driven by the amount of construction to be performed, weather, and recently, increased environmental compliance requirements. While county overtime costs in ESD declined from \$302,565 in 1997 to \$260,588 in 1999, and in 2000 overtime totaled \$292,267. (See exhibit 6 below.)

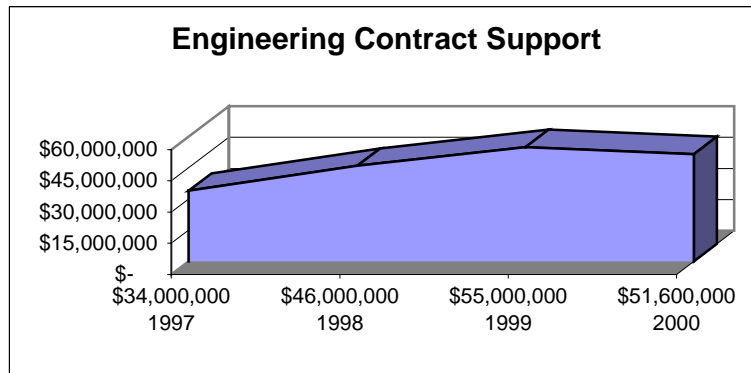
**Exhibit 6 – Engineering Overtime (1997 – 2000)**



Source: Public Works Financial Data

However, during the same period, construction support grew from \$34M to \$51.6M in 2000 and exceeded \$55M in 1999. (See exhibit 7 following)

### Exhibit 7 – Engineering Contract Support (1997 – 2000)



Source: Public Works Financial Data

Increasing construction demand, customer support and design challenges spur overtime. Recently, major road construction was done at night to accommodate county traffic and a bridge was redesigned to meet environmental concerns. Recent environmental ordinances (titles 17 and 24 primarily involving erosion control) are compressing work into good weather periods which increase all overall costs about ten percent, including overtime.

Other overtime impacts can include engineer hiring and in Public Works Engineering, typically 2 to 3 engineers are “tough” to hire. The local job market is competitive, particular skills are critical, and the County hiring process takes time. The county’s Director of Human Resources stated hiring some county engineers is difficult. Other contract administration and construction inspection overtime is impacted by the labor-management agreement (the job clock starts with the employee in the truck), the distance needed to travel to some of the construction job sites, and contractor desires to work “while the sun is out.”

Finally, overtime is impacted by uneven work cycles and some internally generated overtime. The demanding summer construction schedule is preceded by meeting engineering requirements. These requirements may require overtime to complete them and if they are not done “on time,” the delay may generate overtime by divisions whose subsequent work depends on the work of those previous.

Overtime policies and controls used within Engineering include those specified in the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. As defined in Section 8 Overtime, noted earlier in the report, “...overtime shall be compensated at the rate of time and one-half (1-1/2) their regular straight time rate of pay for hours worked in excess of forty (40) hours in any week...” However, the Master Agreement also includes an Engineering Addendum which in Sections 2, 3, and 4 note,

**“Section 2.** “Employees expressly authorized to work overtime shall be compensated time and one-half (1-1/2) their regular rate of pay for hours worked in excess of forty

(40) hours in any week. Compensatory time may be requested and taken by the employee at a time required by employee and approved by the employer. Compensatory time shall be administered in accordance with the requirements of the Fair Labor Standards Act (F.L.S.A.) and applicable provisions to the Master Agreement.

Section 3. When an employee is called out or back to work, he/she shall be compensated for a minimum of three (3) hours call-out time.

Section 4. Scheduled stand by pay shall be paid at the rate of \$20 per weekday and \$40 per weekend day and observed holidays provided the employee is not called out.”

This addendum applies to engineering personnel and their related overtime.

In Engineering, no additional written PW or department overtime policies are provided. However, Engineering divisions have a number of efforts to reduce or offset overtime. One overtime control includes the use of flextime for meeting county residents after normal “work hours” to better meet the needs of all and avoid overtime. One office uses satellite stations to better serve distant county areas and reduce employee commuting time. Other efforts include hiring temporary employees and some consultants during busy periods. Finally, in house crosstraining, resource allocation of new computers and equipment, additional training, and increased safety emphasis, all help current staff be more productive on the job.

## D. FLEET MANAGEMENT

Fleet Management (FM), also known as ER&R (Equipment Rental and Revolving Fund), purchases, disposes of and maintains all county vehicles and radios. They routinely repair and prepare equipment for the Sheriff’s 24 hour, 7-days-a-week, and Solid Waste’s 14 hour, 7-days-a-week operations. Also, they ensure equipment is ready for Public Work’s Road Maintenance summer road construction season and winter ice and snow clearing. Besides other county vehicles, FM repaired equipment for several cities via intergovernmental agreements (e.g. Arlington, Lake Stevens, Marysville, Darrington, and Stanwood).

### **Overtime Needs, Policies and Controls**

In FM, overtime is mainly driven by immediate maintenance requirements to support the Snohomish County Sheriffs Department and PW’s Solid Waste division, and yearly cyclic PW maintenance demands. Overtime expense was \$81,719 in 1999 and in 2000, \$105,035 was spent on overtime. (See exhibit 4 on page 7.) Of the \$105,035 overtime expense, approximately 30 percent or \$31,500 was required to meet unscheduled “emergency” support requirements. Management noted overtime continues to be necessary for FM to meet customer-driven maintenance requirements.



Due to the seven-days-a-week work requirements of the Sheriff and Solid Waste offices, vehicle and equipment maintenance is critical. Sheriff vehicles must be operational if required patrol schedules are to be met, and SW trucks and waste site equipment must be capable of moving the 1,200 tons of waste handled daily. Along with this daily maintenance, cyclic maintenance requirements for Road Maintenance also impact overtime. To be ready for the summer construction season, Public Work's RM equipment must be prepared. While most maintenance and vehicle preparation can be done during "down time," daily maintenance demands may require some work be done on overtime. Further, during the construction season, types of RM equipment (paving and mowing equipment) are used nearly full-time, allowing only weekend or other overtime hours available to repair and maintain them; this adds overtime hours. Similar cyclic maintenance takes place during stormy, "bad weather" winters where road-clearing equipment is heavily used and must be maintained. Finally, as FM contract maintenance support increases, additional overtime may be required to insure equipment repair is completed in a timely manner.

Overtime policies and controls used by FM are primarily those specified in the FM Addendum to the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. The following sections apply:

Section 3. Overtime pay shall be paid for any work performed in excess of the posted schedule, or forty (40) hours a week, to be paid at a rate of time and one-half (1-1/2). On approval of the Supervisor, an employee may take compensatory time off in lieu of overtime payment in accordance with the Air Labor Standards Act (F.L.S.A.).

Section 4. When an employee is called out or back to work, he/she shall be entitled to a minimum of three (3) hours show-up time.

Section 5. When an employee is called out to work and subsequently sent home for lack of work, he/she shall be entitled to two (2) hours show-up time.

Section 6. All work on holidays shall be at one and one-half (1-1/2) times the regularly established rate for the actual hours worked in addition to the regular holiday pay of eight (8) hours. All work on Thanksgiving Day and Christmas Day shall be paid at two (2) times the regular straight time rate.

Section 7. All work on Sunday shall be one and one-half (1-1/2) times the regularly established rate.

Section 8. Over time will be distributed as uniformly as practicable for employees working overtime.

Section 9. The following shift differential shall be paid to all employees who work during the following hours when assigned temporarily to a shift which includes those hours:

- a) Seventy cents (.70) per hour for all swing shift hours as described in 1.B.

b) Ninety-five cents (.95) per hour for all graveyard shift hours as described in 1.C.

Shift differential shall be applied throughout each entire shift. Shift differential pay shall not apply to call outs or to overtime hours worked on an employee's regular shift, and shall not be included in calculating overtime pay.

While no additional written PW or FM overtime policies or controls are provided, FM does use maintenance performance standards that aid in determining how long particular maintenance tasks will take. Supervisors control overtime by daily reviewing their maintenance backlog, considering customer requirements, and reviewing staff availability. Then they program overtime as dictated by the workload. The FM manager monitors expenditures against the overtime budget appropriation. While these aid in examining and controlling maintenance task overtime, the requirements to meet 7-days-a-week and cyclic maintenance demands still drive some "uncontrollable" overtime.

## F. Transportation and Environmental Services

Transportation and Environmental Services (TES) has a staff of 87 FTE in four primary groups: Land Use; Program Planning; Public Involvement and Environmental Engineering; and Traffic Operations. TES plans and prioritizes the County's road projects, performs environmental reviews of projects, and provides public project information services to the departments. It also provides traffic impact analysis, traffic engineering, and traffic signal maintenance.

### **Overtime Needs, Policies and Controls**

Transportation and Environmental Services' (TES) overtime needs are diverse. In 1999, over \$129,000 of yearly overtime was primarily split between \$30K in the Program Planning area for transportation planning and \$99K in Traffic Operations for traffic light planning, repair, and installation. Management noted transportation planning overtime was driven by several factors. As the County population grows and density increases, transportation planning continues to be more critical as it initiates transportation improvement efforts. Also, increased environmental impact concerns and environmental approvals cause added transportation planning efforts. Since there is a limited road building season, critical transportation planning must be done in time to meet construction schedules and meeting this time constraint can increase overtime demands.

Some of the same forces impact Traffic Operations. Traffic signal planning and installation is a significant part of transportation improvement in suburban areas. Management noted that monitoring traffic patterns cannot always be done within the "8 to 5" workday. Further, to meet road construction schedules and ensure traffic lights are installed on time, overtime is occasionally necessary. (Approximate overtime expense for construction support totaled \$15,000.) Also, importantly, inclement weather may cause traffic light repair to be a 24-hour operation. Repair of traffic light operation due to storm damage (lightning, winds, snow, etc) is considered critical and overtime for that repair in 2000 totaled approximately \$30,000.

Overtime policies and controls used within TES include those specified in the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. As defined in Section 8 Overtime, noted earlier in the report, "...overtime shall be compensated at the rate of time and one-half (1-1/2) their regular straight time rate of pay for hours worked in excess of forty (40) hours in any week;..." However, the Master Agreement also includes an Engineering Addendum which in Sections 2, 3, and 4 note,

Section 2. "Employees expressly authorized to work overtime shall be compensated time and one-half (1-1/2) their regular rate of pay for hours worked in excess of forty (40) hours in any week. Compensatory time may be requested and taken by the employee at a time required by employee and approved by the employer. Compensatory time shall be administered in accordance with the requirements of the Fair Labor Standards Act (F.L.S.A.) and applicable provisions to the Master Agreement.

Section 3. When an employee is called out or back to work, he/she shall be compensated for a minimum of three (3) hours call-out time.

Section 4. Scheduled stand by pay shall be paid at the rate of \$20 per weekday and \$40 per weekend day and observed holidays provided the employee is not called out."

This addendum applies to TES engineering personnel and their related overtime.

There were no other written TES or Public Works overtime policies. However, the department manager uses management reports taken from the SFG financial system as one control method to reduce or offset overtime.

After discussion with department management, only an additional review of Traffic Operations overtime was conducted. Overtime in the Engineering Services area (survey) is largely driven by construction projects and 95 percent of their overtime is reimbursable or chargeable to contract support. Their off-season overtime is limited and primarily involved in program design. Except for Traffic Operations, other TES division overtime is minimal. Further, Traffic Operations overtime was also reviewed because its management noted a prior problem with overtime abuse in their area which they had resolved.

## G. SURFACE WATER MANAGEMENT

Surface Water Management (SWM) has an assigned staff of 76 FTE. Their primary task is maintaining water quality programs and protecting fish and wildlife habitat. SWM designs and oversees construction of drainage projects, responds to public drainage complaints, and works to inform and educate the public regarding protection, restoration, and care of County watersheds. Finally, the division leads local efforts in protecting and restoring vital salmon habitat to help meet salmon recovery requirements mandated by the Federal Endangered Species Act.

## **Overtime Needs, Policies and Controls**

SWM past overtime needs been minor, but in 2000 overtime grew to \$32,890 or 133.4 percent of the \$29,000 budgeted. Due to the Federal Endangered Species Act and increasing environmental concerns regarding county watersheds, SWM FTE, responsibilities, and overtime are growing. The Master Drainage and Detention Maintenance Plans are critical to County growth, and with changing environmental focus, plan requirements are not always clear; this can spur overtime as plans are redesigned to meet deadlines. Environmental concerns which mandate evening and weekend meetings with the public, and coordination of flood responses with the Department of Emergency Management can also drive overtime. The manager noted other overtime impacts which include personnel losses and delays in getting critical people hired, as well as the county's size which often makes it cheaper to stay and complete field work on overtime than to travel extended distances another day. Again, while past overtime requirements have generally been small, the increased work requirements and current growth of staff, make control of future overtime more critical.

Overtime policies and controls used by SWM are those specified in the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State Council of County and City Employees AFSCME/AFL/CIO. In Section 8, Overtime, it states, "Employees who work overtime shall be compensated at the rate of time and one-half (1-1/2) their regular straight time rate of pay for hours worked in excess of forty (40) hours in any week; provided that employees whose regular work schedule is less than forty (40) hours in any week shall be compensated at the rate of straight time for hours worked in excess of the employee's regular work schedule in any week, up to forty (40) hours." No additional Public Works or SWM policies or controls are provided.

While the low amount of overtime expended in the past made it appear overtime controls exist and are effective, the fact SWM FTE is increasing and in 2000, overtime is growing, a timecard review was considered necessary and was completed.

## **H. Administrative Operations**

Administrative Operations provides primary financial and network services for Public Works. The 13 full-time employees (FTE) assigned include fiscal analysts, accounting technicians and network administrators. Tasks include handling personnel, training, paying bills, preparing budgets, rate analysis and computer support.

## **Overtime Needs, Policies and Controls**

Overtime needs in Administrative Operations' are generally very limited and primarily related to meeting budget submission requirements and preparing critical, year-end financial data. Overtime policies and controls used for Administrative Operations overtime are those specified in the Master Agreement, 1998 – 2000 between Snohomish County and the Washington State





Council of County and City Employees AFSCME/AFL/CIO. In Section 8 Overtime, it states, "Employees who work overtime shall be compensated at the rate of time and one-half (1-1/2) their regular straight time rate of pay for hours worked in excess of forty (40) hours in any week; provided that employees whose regular work schedule is less than forty (40) hours in any week shall be compensated at the rate of straight time for hours worked in excess of the employee's regular work schedule in any week, up to forty (40) hours."

## *Findings*

Public Works management is responsible to plan their operations, oversee day-to-day performance, and review results to ensure maintenance programs are meeting goals and future improvements can be developed. Due to Public Works costing requirements, they have a detailed cost accounting system which allows them to effectively budget and monitor salary and benefits in general, and overtime in particular, and they do. This detailed controllable overtime budgeting demonstrates their understanding of organizational overtime needs, provides more accurate overtime "targets", and allows PW internal overtime control. Some PW managers use specialized system reports for controlling overtime. In one division, monthly budgets are provided to every department supervisor to identify overtime expense. (While the manager noted it was difficult to generate this report using the existing report generator, it provided subordinate managers critical overtime control information.) Another division uses flextime and others outsource (contract for services) as alternative strategies to overtime. Based on our fieldwork and analysis, PW management overall does a solid job of managing controllable overtime expenditures.

### **A. INTERNAL OVERTIME CONTROLS**

We performed a standard internal control test on employee timesheets for all Public Works divisions except Administrative Operations. Using statistical and/or 100 percent sampling of 1999 forms, the following percentage of time cards were appropriately signed by the individual and their supervisor:

**Exhibit 8 – Department Time Card Control Percentages (1999)**

| <u>Department</u>                         | <u>Percent Signed</u> |
|---|-----------------------|
| Road Maintenance                          | 99                    |
| Solid Waste Management                    | 100                   |
| Fleet Management                          | 100                   |
| Surface Water Management                  | 96.4                  |
| Engineering Services                      | 100                   |
| Transportation and Environmental Services | 100                   |

Source: Public Works Time Cards



Throughout Public Works, overtime control appeared effective. Review of time cards and division managers' overtime controls showed an interest by all managers to properly manage overtime expenditures. Overtime control review details by division follow:

- **Road Maintenance** – During review of Road Maintenance time cards, 94 percent of the time cards were signed by the crew leader or individual worker signed at the bottom of the card, as well as their supervisor. At least 99 percent of the time the crew leader had signed on the time sheet and the supervisor only signed the bottom of the time sheet. One time sheet was filled out for an employee and approved by the supervisor. Time card analysis showed overtime only used for appropriate purposes and no institutionalized overtime was evident among those time cards sampled.
- **Solid Waste** – During review of Solid Waste's weekly time cards, signature control was evident; 100 percent of all time cards were appropriately signed by the individual employee and a supervisor. It was noted 7 percent of all overtime was used for employee training. However, time card analysis showed overtime used only for appropriate purposes and controls appeared adequate.
- **Engineering** – Within Engineering, overtime declined from \$302,565 in 1997 to \$260,588 in 1999, but in 2000 overtime totaled \$292,267. After discussion with Engineering managers and staff, and a documentation review, overtime control overall appeared effective.
- **Fleet Maintenance** – During review of Fleet Management's weekly time cards, signature control was evident; 100 percent of all time cards were appropriately signed either by the individual employee and a supervisor, or in the case of an individual on sick leave, the supervisor. Further, analysis of these time cards showed overtime used only for appropriate purposes and controls appeared adequate.
- **TES** – Due to the preponderance of TES overtime being expended in Traffic Operations and an incidence of past overtime abuse, that division's time card control was reviewed. Analysis of Traffic Operation's monthly time cards, showed effective signature control with 100 percent of all time cards appropriately signed by individual employees and a supervisor. It was noted one individual had significantly more "call out" overtime than others who were selected to perform weekend or evening emergency call outs. When this was noted to Traffic Operations management, they showed they had already taken management action to resolve the concern.
- **SWM** – During review of SWM's time cards, signature control was generally evident and 96.17 percent of the time both the individual employee and a supervisor appropriately signed time cards. Further, since analysis of time cards showed overtime only used for appropriate purposes and no institutionalized overtime was evident, controls appear adequate.

- **Administrative** – Due to the very limited amount of overtime used by this department (less than \$1,000 total per year) and very limited risk, no additional division overtime review was conducted.

## **B. OVERTIME BUDGETING**

Tradeoffs between increased, full-time manpower and significant overtime continue to be one of PW’s management challenges. Hiring summer, temporary employees is a staffing alternative to overtime. PW management feels paying overtime to critical, full-time personnel to meet work requirements can be also a cost-effective management business practice. It is management’s responsibility to monitor and provide overtime and one method PW uses to meet overtime oversight responsibilities includes capital program budget planning. Road Management has an effective planning process to estimate how long jobs should take and what they should cost. Fleet Management utilizes maintenance standards to schedule equipment servicing and schedule work efficiently. Both planning efforts help control overtime. Other management responsibilities are identified in the Fair Labor Standards Act (FLSA).

The FLSA governs when, where and how overtime must be paid. As stated in §29C.F.R., 785.11 – “Employees who with the knowledge or acquiescence of their employer, continue to work after their shift is over, albeit voluntarily, are engaged in compensable working time. The reason for the work is immaterial, as long as the employer ‘suffers or permits’ employees to work on its behalf, proper compensation must be paid.”

FLSA also states in §29C.F.R., 785.13 Duty of Management, “ In all such cases it is the duty of management to exercise its control and see that the work is not performed if it does not want it performed. It cannot sit back and accept the benefits without compensating for them. The mere promulgation of a rule against such work is not enough. Management has the power to enforce the rule and must make every effort to do so.” Management, as evidenced by time card control reviews, does control overtime. Also, as part of our overtime review, we examined budgeted overtime versus expended. The following chart identifies that Public Works budgeting is fairly precise and they have not exceeded their budgeted salaries and benefits amount from 1997 - 2000.

**Exhibit 9 – Public Works Salaries and Benefits  
1997 - 2000 (Budgeted Versus Actual)**

| Year        | Budgeted      | Actual        | Percent |
|-------------|---------------|---------------|---------|
| <b>1997</b> | \$ 35,455,282 | \$ 30,363,566 | 85.6    |
| <b>1998</b> | \$ 36,627,730 | \$ 34,119,256 | 93.2    |
| <b>1999</b> | \$ 37,987,248 | \$ 36,135,502 | 95.1    |
| <b>2000</b> | \$ 41,108,719 | \$ 39,262,414 | 95.3    |

Source: Public Works Financial Data

Although impacted by emergency response requirements and additional “uncontrollable” aspects, Public Works overtime budgeting is also reasonably accurate.

**Exhibit 10 - Public Works Overtime  
1997 – 2000 (Budgeted Versus Actual)**

| <b>Year</b> | <b>Budgeted</b> | <b>Actual</b> | <b>Percent</b> |
|-------------|-----------------|---------------|----------------|
| <b>1997</b> | \$ 2,652,375    | \$ 2,712,923  | 102.3          |
| <b>1998</b> | \$ 1,825,867    | \$ 2,171,926  | 119.0          |
| <b>1999</b> | \$ 1,744,750    | \$ 1,797,910  | 103.0          |
| <b>2000</b> | \$ 1,996,140    | \$ 1,788,865  | 89.6           |

Source: Public Works Financial Data

PW management’s overtime budgeting data demonstrates a concerted effort to identify and manager controllable overtime. However, another overtime control method, stronger overtime policy guidance, has not been provided all PW personnel.

**C. OVERTIME POLICY**

While some PW department managers provided effective overtime guidance, PW overall has not provided specific written overtime policy. Managers appeared familiar with the union agreements and addenda that provide some guidance for their overtime oversight. However, there was no written policy from PW management, or by other Divisions (other than Solid Waste) that provided specific policy of where and when overtime should be used.

Written overtime policy provides a better understanding of when work demands overtime and or when it is more cost effective to use overtime than complete the work later. Written policy helps personnel understand overtime is not an entitlement, but a tool to help organizational members provide critical services more efficiently and effectively. Also, written overtime policy helps provide management a better defined and “common” standard against which to evaluate employee overtime usage. While not intended to deprive employees of legitimate pay for required overtime hours, it normally provides management better support for disciplinary actions should abuse of overtime occur. Finally, documented policy demonstrates management is serious about overtime control.

To help control personnel overtime, policy is one tool, but PW managers noted even more effective management coordination and cooperation within and across divisional lines might also aid management improvements.

**D. MANAGEMENT COORDINATION**

After interviews with Public Works managers and following timesheet review, it appears overtime controls are generally effective. Discussion with division managers helped confirm they were concerned with overtime control in their divisions, but they did not always fully understand overtime demands of other division managers. While managers at all levels noted discussion of overtime concerns routinely occurred in staff and division meetings, several

managers suggested formal manager coordination and cooperation were needed to continue improving overtime controls and workflow understanding.

This workflow understanding was noted since job delays in some divisions impact other divisions' overtime and some managers felt more internal coordination was necessary. When several divisions are involved in efforts toward a common goal and one division's work is delayed, it usually results in overtime for a "downstream" division. Managers noted evolving environmental standards are becoming more stringent and that makes project cooperation and coordination even more critical, particularly to meet deadlines and reduce overtime.

To minimize overtime, a number of managers have individual tools to help control their division's overtime, yet the efforts appeared "stovepiped" or generally within their own area of responsibility. Those unique division overtime tools were not communicated to other Public Works managers to "spur" additional overtime control ideas.

Some overtime control tools included management reports, which managers used to measure performance compared to predetermined criteria. Without proper and timely report information, management oversight is sharply constrained and this can result in few or no internal controls. Based on field work and management interviews, there are difficulties in producing required overtime reports because of overtime categories and reporting software.

## **E. OVERTIME CATEGORIES & REPORTING**

During audit fieldwork, it was discovered overtime was generally controlled as a single overtime category. While holiday and weekend overtime (Solid Waste), mandatory work preparation overtime (lead responsibilities in Road Maintenance), and job completion overtime (Fleet Management and Public Works general requirements) could be unique, the categories are not fully delineated or easily analyzed using the SFG financial system. This makes it difficult for Public Works managers to evaluate what type of overtime staff is performing, determine if it is required, and completely appreciate how costly and perhaps unnecessary some overtime expenditures are.

Part of the reason for the lack of overtime delineation, may be the difficulty in generating management overtime reports. Two managers noted it was difficult and time consuming to create useful reports using the SFG financial system software, and this when reporting on only one overall, overtime category. Although difficult, one manager noted overtime reports they created did aid their division in controlling overtime, and a manager noted that various overtime category totals might help improve understanding and aid in further overtime reduction.

## **F. OVERTIME DUE TO MANPOWER SHORTAGES**

In Fleet Management (FM) and Solid Waste overtime is significant. While managers noted much of that overtime is based on the "nature of the job," they felt some was due to FTE shortages and personnel hiring challenges. FM asked for increased FTE in 2000 of two

mechanics, but one was approved. Further, the manager noted difficulties in hiring replacement mechanics tended to “drive” overtime by existing staff to meet job requirements. FM’s 2000 overtime was \$105,035 an increase of \$23,316 from the 1999 overtime cost of \$81,719.

Of the \$105,035 overtime cost in 2000, \$34,977 was the premium pay portion (the “half” of time and a half paid for overtime) spent. The remaining \$70,058 appears to be enough money to pay for an additional full-time employee’s salary and benefits, and the \$34,977 in premium pay might be able to be saved. Additional overtime analysis and anticipated work demands may indicate another approved FTE might be less expensive than the overtime hours now used.

Solid Waste’s (SW) overtime for 1999 showed that seven percent of it was required for training purposes. Management noted overtime had to be used for training since there were not enough FTE to effectively fill the required shifts on regular time while personnel were trained. There was a similar situation in 2000 and the overtime expenditure was \$470,642, or 146 percent of the \$352,586 budgeted. The County increased SW’s FTE for 2001 by 10.5 FTE and those personnel should reduce SW overtime expenditures.

Also, several other department managers noted the difficulty in hiring some critical personnel and they stated this, coupled with increased environmental planning demands, drove some overtime expenditures. The Human Resources Director noted difficulties in hiring some engineers due to the competitive job market, and according to the Engineering Services manager, this increased overtime expense.

## **G. HIRING PRACTICES**

While performing this overtime review, several managers noted they could save money, without increasing overtime, if they could leave full time employee (FTE) positions vacant until they are needed. For instance, Roads Maintenance expends tremendous overtime and hires a large number of temporary employees to meet the Summer construction schedule, but in “wet” weather, evolving environmental concerns are limiting when and where certain work can be done. The manager noted a less critical FTE position(s) might be able to be left vacant until better weather and work demands drove requirements to fill the position(s).

Road Maintenance road worker 2 full time employees at step 5 earn \$18.30 an hour. (The pay scale is from levels 1 – 6.) Hence, if a road worker 2, step 5, left RM after the primary construction season, the County could save approximately \$3,800 in salary and benefits each month that position was not filled until needed. Similar savings might be possible in Solid Waste.

Solid Waste managers noted summer yard and construction waste increases the amount of garbage they must handle for several months, but other times of the year there is generally less. Here managers noted allowing them more discretion on when to fill FTE positions might also save monies.

Currently, managers stated if they request FTE positions be left vacant for any period, they feel they will lose those positions (use or lose syndrome). With the cyclic nature of Public Works job requirements, FTE are critical, but are more critical when they are most needed.

## **H. HEALTH AND SAFETY**

During the review, we found no evidence overtime impacted the health and safety of Public Works personnel.

# ***Conclusions***

**OVERTIME BUDGETING** – Public Works overtime controls appear to be adequate. Due to Public Work's contract cost recovery requirements, they have a detailed cost accounting system which allows their managers the capability to monitor financial information including overtime. Based on their overall salary and benefits budgeting, they do control their personnel expense. Even with emergency response requirements and other “uncontrollable” overtime impacts their budgeted versus expended overtime is well controlled. Further, the decreasing overtime from 1997 through 2000 helps demonstrate that Public Works management is trying to reduce controllable overtime expenditures.

**TIMESHEET REVIEW** – Timesheet control reviews showed four of the six divisions reviewed had 100 percent of timesheets appropriately signed by an individual and their supervisor, one division had 99 percent of timesheets appropriately signed, and one division tested had a 96.4 percent control rate. Also, during the timesheet control review of 1999 timesheet it was apparent one individual might have been performing more overtime than was required. Subsequent investigation revealed Public Works management was already aware of the problem and was resolving it. Management efforts to monitor timesheets, appropriately sign them, and use the information to take action demonstrated their concern to properly document overtime, and timesheet controls appear effective.

**OVERTIME CONTROL** – Discussion with PW managers noted their interest in controlling overtime. One manager had developed an overtime policy to resolve holiday overtime concerns, while another used some internally developed management reports to help overtime control. Other control efforts included using temporary employees, coordinating job requirements, and use of flex time to eliminate some overtime. Throughout PW there appeared to be significant management efforts to control overtime.

## **AUDIT COMMITTEE QUESTIONS**

**On what staffing standards is the study based?**

Staffing standards are based on mission requirements, and health and safety issues.



**To what extent are overtime practices determined by the collective bargaining agreement?**

The County and various unions entered into collective bargaining agreements covering most overtime practices. These practices range from how and to whom overtime is authorized to the pay for overtime hours completed.

**At what level is overtime being authorized in Public Works and how is it documented?**

Overtime is authorized at varied levels in Public Works. In Road Maintenance, a work crew lead might authorize overtime to complete a job if it was less expensive than next-day crew transit time. In another department overtime can be self-initiated to a set limit (4 hours). In other divisions, managers or more senior supervisors authorize overtime. In all cases observed, overtime was documented on appropriate time sheets and overall, strong signature control was accomplished.

**Is overtime being distributed equally?**

Overtime may not be distributed equally because of union agreements and work requirements. Department divisions control overtime in accordance with appropriate union agreements. However, in many of those divisions, personnel with specialized skills tend to perform more overtime in support of work requirements than others.

**Is overtime the most cost-effective method for meeting staffing needs of the County?**

Overtime can be very cost effective and Public Works effectively uses overtime to meet mission requirements and respond to uncontrollable events. With the cyclic nature of their work, many divisions use temporary employees and authorize specialized employees overtime hours to successfully complete work requirements on time. Further, Public Works requirements to handle emergencies (uncontrollable events) resulting from floods; ice, snow, and wind storms; and etc.; generally impact overtime hours. In Public Works, management is aware of the cost tradeoffs of overtime versus regular hours and appears to successfully control overtime.

## ***Recommendations***

The following recommendations are based on PW management suggestions and observations during field work and analysis. If implemented, the recommendations might save or avoid approximately \$129,500 - \$234,000 per year in additional overtime and salary and benefit costs.

## **A. OVERTIME POLICY**

While some Public Works department managers provided overtime guidance, Public Works overall or its Divisions (other than Solid Waste), have not provided specific written overtime policy of when overtime should be used. Traditionally, increased management control or “interest” in an area reduces costs from 5 – 10 percent which could mean a yearly reduction of \$74,500 - \$149,000 of PW’s controllable overtime (\$1,494.865).

**Recommendation No 1.** We recommend Public Works provide each employee formal, written departmental overtime policy spelling out when overtime should be used and approval authority.

## **B. MANAGEMENT COORDINATION**

Discussions with division managers clarified their individual concern for overtime control and varied methods they used for that control. While managers at all levels noted discussing overtime issues and controls routinely in staff and division meetings, several managers suggested increased manager coordination and cooperation might improve overtime controls and work flow understanding. Unique division overtime tools generally did not “crossflow” to other Public Works managers to help “spur” other overtime control ideas. While some unique control tools are not applicable to other divisions, improvements in overtime control are important since delays in one division (planning, permitting, repair, and etc.) often drives overtime in others, and better controls can lead to reduced overtime costs.

**Recommendation No 2.** We recommend Public Works managers formally meet as required (biyearly, quarterly, etc.) to discuss overtime impacts within and between divisions, and share overtime controls methods (policies, procedures, reports, etc.) and workload plans that drive overtime.

## **C. OVERTIME CATEGORIES & REPORTING**

During audit fieldwork, it was discovered overtime was generally controlled as a single overtime category. Emergency work is generally captured under specific job codes and some overtime related to that can be analyzed. However, while holiday and weekend overtime (Solid Waste), mandatory work preparation overtime (lead responsibilities in Road Maintenance), and job completion overtime (Fleet Management and Public Works general requirements) could be unique overtime reporting categories, they and others are not clearly delineated and easily analyzed using Public Work’s financial system. This makes it difficult for Public Works managers to analyze what type of overtime staff is performing, determine if it is required, and even better control it.

Further, several managers noted that even if they had varied overtime categories, the existing report generation software of the SFG financial system make it difficult to produce overtime

control reports. They noted developing the reports was time consuming and the process was not as flexible as wanted.

**Recommendation No 3.** We recommend Public Works more thoroughly categorize and capture types of overtime (holiday, emergency, training, etc.) so data can be subsequently analyzed to aid overtime control.

**Recommendation No 4.** We recommend Public Works coordinate with DIS to expedite the SFG financial system report generation software replacement in Public Works and plan for the required personnel training necessary to operate it.

## **D. OVERTIME DUE TO MANPOWER SHORTAGES**

In Fleet Management (FM) and Solid Waste overtime is significant. While managers noted much of that overtime is based on the “nature of the job,” some they felt was due to FTE shortages based on authorized personnel and personnel hiring challenges. FM asked for increased FTE in 2000 of two mechanics, but one was approved. Further, the manager noted difficulties in hiring replacement mechanics tended to “drive” overtime by existing staff to meet job requirements. Fleet Management’s 2000 overtime was \$105,035.

Of the \$105,035 overtime cost in 2000, \$34,977 was the premium pay portion (the “half” of time and a half paid for overtime) spent. The remaining \$70,058 appears to be enough money to pay for an additional full-time employee’s salary and benefits, and the \$34,977 in premium pay might be able to be saved. Additional overtime analysis and anticipated work demands may indicate another approved FTE might be less expensive than the overtime hours now used.

Solid Waste’s (SW) overtime for 1999 showed that seven percent of it was required for training purposes. Management noted overtime had to be used for training since there were not enough FTE to effectively fill the required shifts on regular time while personnel were trained. There was a similar situation in 2000 and the overtime expenditure was \$470,642, or 146 percent of the \$352,586 budgeted. The County increased SW’s FTE for 2001 by 10.5 FTE and those personnel should reduce SW overtime expenditures.

**Recommendation No 5.** If work and overtime analysis demonstrates overtime cost or avoidance savings will pay for another FTE, we recommend Fleet Management submit a request for an additional FTE authorization.

## **E. HIRING PRACTICES**

While performing this overtime review, several managers noted they could save money, without increasing overtime, if they could leave full time employee (FTE) positions vacant until they are needed. For instance, Roads Maintenance expends tremendous overtime and hires a large number of temporary employees to meet the Summer construction schedule, but in “wet” weather, evolving environmental concerns are limiting when and where certain work can be

done. The manager noted a less critical FTE position(s) might be able to be left vacant until better weather and work demands drove requirements to fill the position(s).

Road Maintenance road worker 2 full time employees at step 5 earn \$18.30 an hour. (The pay scale is from levels 1 – 6.) Hence, if a road worker 2, step 5, left RM after the primary construction season, the County could save approximately \$3,800 in salary and benefits each month that position was not filled until needed. With RM's yearly personnel turnover rates, an estimated \$20,000 - \$50,000 yearly might be saved. Some savings might also be possible in Solid Waste.

Solid Waste managers noted summer yard and construction waste increases the amount of garbage they must handle for several months, but other times of the year there is generally less. Here managers noted allowing them more discretion on when to fill FTE positions might also save monies.

Currently, managers stated if they request FTE positions be left vacant for any period, they feel they will lose those positions (use or lose syndrome). We realize the difficulty in balancing the demand and availability of staff and the uncertainty of turnover rates. However, with the cyclic nature of PW job requirements, FTE are critical during periods of high workload demand.

**Recommendation No 6.** We recommend Public Works be given the authority to hire authorized FTE personnel when best needed to fill their work demands and not lose those positions if they suggest a hiring delay.

# Responses

## MEMORANDUM

February 27, 2001

TO: Dean Ritchhart  
County Performance Auditor

FROM: Peter Hahn   
Public Works Director

Pat Dugan   
Administrative Operations Manager

SUBJECT: Public Works Overtime Audit – Response to Final Report

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Thank you for the opportunity to comment on your Final Report for the Public Works Overtime Audit. We have discussed the findings in the report with the Executive's Office and our response reflects their views as well.

We appreciate your comprehensive effort and we concur with the six recommendations. We found the audit process very informative and appreciate the insight your staff has provided regarding the operations of the department in general and our management of overtime costs in particular. Your formal and informal observations should assist us as we continue to look at ways of making our controls even better.

Your staff has asked us to respond to each of the formal recommendations in the report:

**Recommendation No. 1:** "We recommend Public Works provide each employee formal, written departmental overtime policy spelling out when overtime should be used and approval authority."

We concur with this recommendation. The division-heads have already developed a draft formal policy to be incorporated into the Public Works Policy and Procedure Manual. It should be implemented within the next month. We have provided Steve Torrence with a copy of these draft policies and would appreciate any comments you or your staff may have. We concur that this PW Policy and Procedure on OT will give us even better controls and clarity.

**Recommendation No 2:** "We recommend Public Works managers formally meet as required (biyearly, quarterly, etc.) to discuss overtime within and between divisions, and to share overtime controls methods (policies, procedures, reports, and etc.) and workload plans that drive overtime."

We concur with this recommendation. Although we do this now informally to some extent, we concur that we should make this communication more systematic. Once a

## MEMORANDUM

February 27, 2001

quarter, we will produce an overtime report that will be the basis for discussion at an appropriately scheduled division-head meeting.

**Recommendation No. 3:** "We recommend Public Works more thoroughly categorize and capture types of overtime (holiday, emergency, training, etc.) so data can be subsequently analyzed to aid overtime control."

We concur with the recommendation. As we have discussed with your staff, there is already extensive information within SFG job cost to track different forms of overtime use. However, the reporting system within SFG is too cumbersome to support on-going reporting of this information in a usable format. We anticipate that this deficiency will be mitigated when SFG migrates to Oracle. Once this improved capacity is in place, we will then evaluate whether additional coding is needed to further improve tracking and reporting.

**Recommendation No 4:** "We recommend Public Works coordinate with DIS to expedite the SFG financial system report generation software replacement in Public Works and plan for required personnel training necessary to operate it."

We concur with the recommendation. We are coordinating with DIS in this regard and have planned for the needed training. As we implement these next generation of SFG and Oracle improvements, we believe they will give us even better controls and clarity.

**Recommendation No. 5:** "If work and overtime analysis demonstrates overtime cost avoidance savings will pay for another FTE, we recommend Fleet Management submit an additional request for an FTE."

We concur with the recommendation and will renew our request for an additional FTE at the appropriate time in the budget process.

**Recommendation No. 6:** "We recommend Public Works be given the authority to hire authorized FTE personnel when needed to fill their work demands and not lose those positions if they suggest a hiring delay."

We concur with the recommendation.

Again thank you for this opportunity to respond to the report. We look forward to working with your staff again on any future audits that may arise.

Cc: Gary Weikel  
Stephen Holt