



City of Philadelphia

OFFICE OF THE INSPECTOR GENERAL

Policy Recommendation

Commissioner & Department: Commissioner Keith Richardson Department of Revenue 630 Municipal Services Building Philadelphia, PA 19102	Subject: Water Revenue Overtime Policy and Procedures
File Number: 9066	Department & Unit Location: Water Revenue Bureau

Introduction

The City of Philadelphia Office of Inspector General (OIG) conducted an investigation into allegations that Water Revenue Bureau (WRB) employees were falsifying overtime timesheets. The investigation established that there are several loopholes in the WRB overtime procedure and a lack of supervisory control in many units within the WRB Department.

The OIG is providing this policy recommendation to assist management in implementing changes that will ensure a consistent and unambiguous overtime procedure and deter employees from falsifying city time records.

During the early stages of this investigation, the OIG provided WRB senior management with preliminary findings and recommendations. Since then, WRB has adopted and implemented some of the recommendations detailed in this report.

Background

On September 4, 2009, the OIG received a complaint from the Revenue Department alleging that WRB employees were falsifying overtime at outreach events. WRB contains several units, including but not limited to, Major Accounts, Tax Review Board, Revenue Collection, Revenue Enforcement, Outreach, and Administrative Support.

WRB employees participate in several outreach events throughout the year. These events provide the citizens of Philadelphia with information about the different programs offered by the WRB department, spread awareness about low income incentives, and respond to any customer inquiries. These events are typically held on Saturdays.

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Appointing Office	1	9066	
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Managing Director	1	Signature of Person Examining Report:	
Chief of Staff	1	Title: Water Revenue Overtime Policy and Procedures	Date of Report: 8/31/2010
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Prior to each event, management assigns specific staff members to work at the event. The names of those approved to work the event are listed on a pre-drafted "Overtime Authorization Record", also known as a timesheet. The timesheet is signed by the staff verifying their attendance at the event and submitted to payroll.

Overtime Policy

The following is the current overtime procedure as outlined in the Department of Revenue Employee Handbook, Section 3.1:

Procedure:

Employee

1. Completes overtime sign up sheet stating his/her availability to work.
2. Completes the Overtime Authorization & Record form (Form 83-A-20), including the nature of work performed, arrival, departure times and signature and gives it to his/her Supervisor upon completion of overtime for signature.
3. Completes the Daily Time Report (Form 82-S-6) and gives to his/her Supervisor for signature.
4. Prepares a memo to supervisor if he/she removed his/her self from OT list and wishes to go back into the OT rotation.

Supervisor

1. Distributes overtime sign up sheet to unit employees.
2. Collects completed overtime sign up sheet and forwards to Human Resources Unit.
3. Posts unit overtime list in a prominently displayed area.
4. Assign overtime compensation based on overtime list.
5. Pre-approved leave (vacation, union leave etc.) sick days or AL days shall not be counted as a declination of overtime assignment.
6. Pre-approves all requests for overtime compensation for employees under his/her supervisor and forwards to Responsibility Center Manager.
7. Signs employees Authorization for Overtime or Compensatory Time forms upon completion of overtime and forwards to the Department Payroll Clerk immediately.
8. Signs employees Daily Time Reports and ensures that overtime is properly completed and forwards to the Departmental Payroll Clerk immediately.

Investigative Findings

The OIG found that WRB employees were adding their names to pre-approved overtime timesheets and were getting paid for outreach events they did not attend. The OIG reviewed WRB employee timesheets from December

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12, 2008 through July 14, 2009, overtime sheet for February 27, 2010, payroll data, swipe card records, and outreach schedules for fiscal year 2009- 2010. The following discrepancies in the paperwork for overtime approval and submittal were found:

1. Pre-approved overtime timesheets for outreach events were subsequently changed without senior management approval. Several timesheets showed employee names that were crossed off and others that had been added via a typewriter after the pre-approval process.

Because of these discrepancies, WRB senior managers cannot verify which employees are present at any particular outreach event. While WRB provides transportation to the outreach events, employees are not required to use the transportation, and some employees use their personal vehicles. This process makes it hard for managers to confirm the presence of their employees at events and can lead to unfounded complaints or accusations of employee misconduct.

2. WRB senior management expressed concern that a certain staff member was earning overtime at outreach events when in fact this employee does not perform these duties as his normal function and therefore should not have been included in any outreach event. However, the OIG found that this employee did in fact work at several outreach events throughout the year, and had the required skill set to do so. In addition, this employee had managerial approval to work at the event and earn overtime benefits. Clearly, there is a significant communication gap between different levels of management within WRB. Management is not fully aware of the assigned duties and responsibilities of the employees working under their supervision. This casts unnecessary suspicion on employees working out of their class or working overtime in a different unit.
3. In several instances an employee's name appeared on the overtime sheet for an outreach event, when in fact the employee was not working at the event. Rather, the employee was working overtime at the office on unrelated WRB projects. Thus, even though the employee was working overtime, the overtime paperwork was incorrect. This situation causes confusion for anyone reviewing the overtime timesheets. WRB management does not distinguish overtime earned at outreach events and other overtime assignments.
4. WRB employees are not documenting "actual hours" on City overtime timesheets. WRB employees admitted that it is common practice to document different start and finish times than those hours actually worked. Employees are assigned morning and afternoon shifts for outreach events that are scheduled for 12 hours in duration. The employees scheduled to work the afternoon shift sign the overtime timesheet in the following manner:

IN	OUT	IN	OUT	HRS WRKD
7:00 A.M.	12:00 P.M.	12:30 P.M.	3:30P.M.	8

The chart suggests that this employee worked from 7:00 A.M. – 3:30 P.M. with a lunch break from 12:00 P.M. – 12:30 P.M. However, this employee confirmed that her actual hours for this event were 3:00 P.M. – 9:30 P.M. Accordingly, the timesheet does not reflect the actual time worked. This inaccurate documentation causes an employee to be paid for more hours than those actually worked. It is essential that "actual hours" be documented to ensure the accuracy of City documents and also to ensure that employees receive the correct compensation. Actual time documentation must be maintained at every event and then reviewed by the supervisor and management. In addition, managers must make sure that employees in their units understand and comply with the overtime policies.

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5. In many other instances WRB employees were paid for more hours than they actually worked. In one situation, the outreach event was originally scheduled from 12:00 P.M. – 5:00 P.M. but was cancelled due to inclement weather. The event was rescheduled for the following week from 12:00 P.M. – 5:00 P.M. However, the timesheet for the original date was used for the rescheduled event. In addition to having the inaccurate date, the timesheet also showed that the employees had worked from 7:00 A.M.—3:30PM including a half hour lunch break from 12:00 P.M. – 12:30P.M. Thus, the employees were paid for 8 hours of overtime while they only worked 5 hours of overtime.

As a result, City payroll received an overtime timesheet containing inaccurate data. The data did not accurately reflect the actual date the event took place and employees received compensation to which they were not entitled. This practice creates inaccurate payroll documentation and a financial loss to the city.

In conclusion, there is a wide gap between overtime policy and practice at the Water Revenue Bureau. Much confusion could have been prevented if WRB managers had followed the standard operating procedures for approving overtime. Our recommendations below reflect the need for consistency and communication at the WRB – to avoid unnecessary headaches for managers, to protect employees from unfounded allegations of misconduct, and to prevent a financial loss to the city.

Recommendations

In addition to all overtime policies outlined in the employee handbook of Revenue Department, the OIG recommends the following:

1. All employees must complete an overtime sign up/request sheet stating their availability to work the overtime.
2. The supervisor must complete an Overtime Authorization & Record form including the names of the employees scheduled to work the overtime, the nature of the work performed, arrival and departure times etc. The supervisor must sign the overtime authorization sheet and submit it to the Director of Operations for approval. The supervisor should also turn over all the sign up request sheets filled out by individual employees over to the Director of Operations.
3. The overtime timesheet should be reviewed and approved by the Director of Operations and the Deputy Revenue Commissioner.
4. The supervisor must inform all employees that have been approved for overtime verbally or in writing and post the unit overtime list in a prominently displayed area.
5. If and when an employee needs to add or remove their name from a pre-approved overtime sheet, they must do so via a written memo to their supervisor, which also must be approved by the Director of that unit. In case of short notice or any emergencies, a verbal approval for any addition or removal of employee names must be required, followed by a written approval memo on the next business day.
6. Accountability and responsibility must be fixed at the appropriate management levels to ensure that only essential employees and supervisors have the authority to prepare and approve overtime. Internal controls need to be put in place to ensure that the employees preparing the overtime timesheets are not the employees in charge of approving the overtime and subsequently working the overtime as well.
7. The overtime records should be thoroughly reviewed by upper management personnel before they are submitted to payroll.

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8. Payroll personnel must thoroughly review previous time and attendance records for all employees before processing adjustments, to prevent any duplicate payments from occurring.
9. All employees including supervisors and management must thoroughly review the department overtime procedure and strictly follow it without any exceptions. The procedural guidelines should be distributed to all employees and also posted in a prominently displayed area.
10. To ensure consistency and accountability of all employees, the supervisor for any particular outreach event must maintain a sign-in/out sheet for their unit at the event. In order to document real time, employees must sign in and out for the overtime worked that day. The sign in/out sheet should be reviewed by the supervisor and turned in to the Director of Operations for review.
11. Management needs to have better knowledge of the jobs and responsibilities of the units and employees working under their supervision.
12. Water Revenue Bureau must develop and implement policies that require supervisors to establish and retain, in writing, employee regular work schedules, including hours of duty, shift tours of duty, and overtime.
13. Periodic review/audit of employee timesheets and overtime records should be conducted to ensure that proper procedure is being consistently followed. The results of the audit should be submitted to the Commissioner of Revenue Department at the end of every quarter for review.