

# Office of the City Auditor

## City of San Diego

### **Performance Audit of the City's Overtime Controls**

*The City's Personnel Regulation On Overtime Compensation  
Should Be Clarified To Define When Employees can use  
Compensatory Time or Annual Leave to Earn Overtime*

**Presentation to the Audit Committee, February 4, 2013**



# Introduction

- City pays overtime in accordance with the City's Personnel Manual, Index Code H-4 (H-4)
- In FY2011, overtime paid was substantially in compliance with H-4
- However, some employees' overtime does not appear compliant with the Index Code H-4
  - ✦ Compensatory time or compensated leave, whichever is applicable, was used to earn overtime
    - In these cases, it was difficult to determine compliance with overtime regulations due to the ambiguity in H-4 that leads to multiple interpretations

# Background

- Various regulations govern City overtime eligibility and compensation
  1. Fair Labor Standards Act (FLSA)
  2. City Council Policy 300-02
  3. Collective Bargaining Agreements
  4. Personnel Manual, Index Code H-4

# Background

## **H-4**

- Combines elements of the FLSA, City Council Policy and the Collective Bargaining Agreements but creates a document difficult to understand and subject to interpretation
- Employees are eligible for overtime pay for all time worked:
  1. Beyond the regularly scheduled number of hours in the employee's workday
  2. On days other than those designated in the employee's scheduled workweek
  3. On a Saturday or Sunday, unless those days are part of the employee's scheduled workweek
  4. On a City recognized holiday
  5. In excess of 40 hours in their workweek
- May not count compensatory time (comp time) as hours worked in the overtime calculation
- May count compensated leave (annual leave) as hours worked in the overtime calculation for some employee classifications, but not the Police Officers Association (POA)

# Background

- **Workweek:**

Sat-Fri

Day	Pay Description	Hours
Sat	Overtime	8
Mon	Regular Working	8
Tues	Regular Working	8
Wed	Comp Time	8
Thu	Regular Working	8
Fri	Regular Working	8

- Saturday would be paid at the regular rate (employee worked 40 hours in the week)
- Saturday is overtime based on H-4 “days other than those in the employee’s scheduled workweek.

# Background

- **Work Schedule:**

Mon-Friday,  
Sat-Sun off

Day	Pay Description	Hours
Mon	Regular Working	8
Tues	Regular Working	8
Wed	Regular Working	8
Thurs	Comp Time	8
Fri	Comp Time	8
Sat	Overtime	8

- Saturday would be paid at the regular rate (employee worked 32 hours in the week)
- Saturday is the beginning of a new workweek
- Saturday is overtime based on H-4 “days other than those in the employee’s scheduled workweek.

# Finding 1 -

## Some City Employees Use Compensatory Time or Annual Leave as Hours Worked to Earn Overtime

Occurrence	Number of Instances and Potential Savings
<b>Comp time</b> used to generate overtime in a <b>work day</b>	<ul style="list-style-type: none"> <li>Over 400 work days in Fiscal Year 2011</li> <li>If the City paid regular (straight) time instead of overtime for these instances, <i>the City would have saved approximately \$14,500.</i></li> </ul>
<b>Comp time</b> used to generate overtime in a <b>workweek</b>	<ul style="list-style-type: none"> <li>Over 800 workweeks in Fiscal Year 2011</li> <li>Almost 80 percent of city employees have a Saturday-Friday workweek</li> <li>If the City paid regular (straight) time instead of overtime for these instances, <i>the City would have saved approximately \$110,000</i></li> </ul>
<b>Annual leave</b> used to generate overtime in a <b>workweek</b>	<ul style="list-style-type: none"> <li>Over 650 workweeks in Fiscal Year 2011</li> <li>Police cannot use annual leave as hours worked when calculating overtime for working in excess of 40 hours in their workweek</li> <li>If the City paid regular (straight) time instead of overtime for these instances, <i>the City would have saved approximately \$121,000</i></li> </ul>

# Recommendations

1. The Personnel Department should work in consultation with the City Administration, the Comptroller's Office and the City Attorney's Office to review and revise, as needed, Personnel Regulation, Index Code H-4, to ensure that the regulations are clearly communicated and are not subject to various interpretations. *(Priority 2)*
2. The City Administration should train employees on the provisions of H-4 and the entry of allowable overtime hours into the City's payroll system. *(Priority 2)*
3. The City Administration should ensure City Departments revise overtime approval forms to provide guidance for employees and the supervisors approving overtime. *(Priority 3)*



# Questions?

## On the Web

<http://www.sandiego.gov/auditor/>

## Contact

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