



CITY OF ORLANDO

MEMORANDUM

To: Thomas L. Lothrop, Wastewater Bureau Chief

From: Beryl H. Davis, CPA, CGFM, Audit and Evaluation Director

Date: July 10, 2003

Subject: Timekeeping at Wastewater Technical Support Program
(Audit Report No. 03-14)

We have investigated allegations first presented to the Personnel Management and Labor Relations Bureau Chiefs by an LIU Union Steward. The allegations concern certain employees in the Wastewater Technical Support Program of the Wastewater Bureau: 1) punching in for eight hours of work but not working eight hours; 2) taking lunches away from their work station and not noting this on the time records; and 3) punching in and out for each other. These activities are reported to have taken place between November 2002, and February 2003.

BACKGROUND

We began our review by determining the method used by the employees in the Wastewater program identified in the allegation to record time worked, what variations to the standard timekeeping methods are made and why, and how time worked adjustments are completed. Our review also included interviews with the employees and managers and examining selected timekeeping records of the bureau. The Wastewater Technical Support Program has both exempt and non-exempt employees. The LIU Union Steward making the allegations works in the same location (5100 McLeod Road facility) as the employees named in the allegation but does not work in the Wastewater Technical Support Program.

Department Directors are authorized to select from among several methods for having employees record time and attendance in the Simplex Payroll System. The method used by the employees in the program identified in the allegation is the method whereby employees default to 80 hours a pay period. The LIU employees who work at the McLeod Road facility are required to use automated time clocks that record data from swiping an employee identification card. This procedure is no different than other City work locations where both union and non-union employees may work together.

REVIEW OF TIMEKEEPING IN THE PROGRAM

We learned that the Technical Support Manager requires the program employees identified in the allegation to use cards punched into an old time clock to record time worked. This is done in addition to the time and attendance information defaulted into the Simplex system. We were informed that this is done so the manager can track the

whereabouts of the employees (both exempt and non-exempt) who report to him and how many hours they may work on any given day. At the end of a pay period the manager collects the punched time cards, reviews the time worked and, if necessary, requires employees to complete a leave request form for the time not worked and adjusts the Simplex time record from the defaulted 80 hours.

We examined a sample of these supplemental time cards created using this time clock and noted that a non-exempt employee (paid bi-weekly) had been allowed to work more than 40 hours a week by not taking a lunch break. The employee then used this overtime to make up for time taken off in the following week that was in the same pay period. We discussed these findings with Legal Affairs and were informed that Federal labor regulations require that an hourly worker be paid overtime (at 1.5 times the regular rate of pay) if he or she works more than 40 hours a week. Even though the City's pay period for non-exempt employees includes two weeks, each "40 hour week" *stands alone* in the determination of overtime or compensatory time earned by an hourly employee. There is no overtime paid to exempt employees. We suggest that the Wastewater Bureau review the time recording activities of the non-exempt employees with Legal Affairs to determine what follow-up might be required for any overtime worked and not paid to these employees.

We also learned during the course of this review that the Wastewater Technical Support Manager has allowed the time worked over 40 hours by exempt employees in the program to be "booked" and used to adjust time off in future pay periods. We discussed this practice with Legal Affairs and were informed that it is not in accordance with City Policies and Procedures.

City Policies and Procedures state, "Exempt positions are paid on a salaried basis, regardless of hours worked." Policy also states that "In as much as Executive Management, Senior Management, Administrative Management, Middle Management, Administrative and Professional personnel are paid on an annual salary basis and are not eligible for overtime or compensatory time, employees in these categories may be granted Administrative Leave at the discretion of the Office Head/Bureau Chief/Department Director." There is no reference to any method of tracking the overtime hours worked by exempt employees. We suggest that the management of the Wastewater Bureau end the practice of allowing exempt employees to "book" compensatory time. Management may in its discretion grant Administrative Leave to exempt employees as warranted.

EMPLOYEES NOT WORKING DURING TIMES NOTED ON TIME CARDS (i.e., punching in for eight hours of work but not working eight hours, taking lunches away from the work station and not noting this on the time records)

We reviewed the allegation that employees were not working the time reported on their time cards, i.e., that employees would clock in but would be noted by a bystander as "not working" at the McLeod Road Wastewater facility. We were told by management that, on occasion, employees have staff meetings or work-related discussions at a picnic table that many employees use for breaks. We were informed that in some cases, these meetings may be held through the lunch hour. We also were told by management that employees leave the facility on official errands where clocking out would not be

necessary. In addition, employees may combine these official errands with a lunch break. These practices appear to be entirely appropriate; however, anyone could notice these practices, review the time cards, and come to the conclusion that the employees may be falsifying time records. Although these instances may happen infrequently, and the work hours of the employees appeared to be properly reflected on the Simplex time and attendance system, we believe that Wastewater management should ensure that the employees notate these instances on the punched time cards, so they also accurately reflect the hours worked (and not worked) by the employee.

We believe that the bureau could alleviate these perceived concerns by simply ending the use of the punched time card system and requiring employees to enter work time information directly into the Simplex system. The Simplex system has the capability to allow employees at any time to enter details on the time worked (in and out times, including lunch times) into the system using their personal computers. We recommend that Wastewater management consider ending the process of requiring employees to use a time clock to record their time worked and to instead use the capabilities of Simplex that allow employees to enter detailed time and attendance data. If this is not possible or desirable, we believe that Wastewater management should carefully review each employee's punched time card to ensure that each employee is actually working during the times recorded on it.

EMPLOYEES PUNCHING IN AND OUT FOR EACH OTHER

We reviewed the allegation that employees are allowed to punch in or out for each other. Management denies that employees are permitted to do so. Management also indicated that the topic of timekeeping is brought up at group meetings and employees are reminded of the correct procedures to follow when recording their time, including personal leave time. We point out that this alleged problem could be controlled if employees used their password-protected computers to record their own time in Simplex. We did not see any evidence of employees punching in or out for one another.

RECOMMENDATIONS

1. We recommend that Wastewater management review the time recording activities of non-exempt employees with Legal Affairs to determine any overtime worked that should be paid in accordance with Federal labor regulations.

Bureau Response: We Partially Concur. This practice was only done at the request of the employee to assist that employee in taking care of personal business such as a medical appointment on a given day. Only two employees were involved, and the usage of this approach was minimal. All of the employees who had this flex time opportunity extended to them were not aware as obviously management was not either that flex time or adjustment of schedule can only be done in a 40 hour period rather than an 80 hour pay period. Since the employees involved were paid on a bi-weekly basis, it was erroneously assumed by both the employees and management that time adjustments completed within the 80 hour period were proper and in accordance with policy. With the knowledge brought forth by this audit report, this practice of allowing adjustments during any 80 hour pay period has been discontinued. Adjustments in hours worked in a given day may be

allowed only during each 40 hour period. With respect to Internal Audit's recommendation to consult Legal Affairs on the question of whether or not certain non-exempt employees are entitled to overtime, we in the Bureau do not believe that is necessary. The two employees who worked less hours in a given day in the second week of the pay period after working extra hours in the first week of the pay period clearly understand that management was accommodating their needs, and they absolutely expect no overtime compensation as a result of this accommodation.

2. We recommend that Wastewater management end the practice of allowing exempt employees to accumulate overtime as "Book Time" and using this for time off in future pay periods.

Bureau Response: We Concur. Practice has been discontinued as of June 1, 2003.

3. We recommend that Wastewater management research the use of Simplex to enter detailed time and attendance data for its employees.

Bureau Response: We Concur. As of June 23, 2003, all Technical Support personnel have converted to logging in and out through the Star Station of the City's Simplex Timekeeping Program, and practice of keeping separate time cards for Technical Support group has been discontinued.

4. We recommend, if the time clock system continues, that Wastewater management require employees to notate instances where the punched time card does not accurately reflect the time worked.

Bureau Response: We Concur. Practice of keeping separate time cards for Technical Support group has been discontinued as of June 1, 2003.

5. We recommend, if the time clock system continues, that Wastewater management carefully review each employee's punched time card to ensure that the employee is actually working during the times recorded on the punched time card or noting instances where the punched time card does not accurately reflect the time worked.

Bureau Response: We Concur. Practice of keeping separate time cards for Technical Support group has been discontinued as of June 1, 2003.

BHD/am

- c: Honorable Buddy Dyer, Mayor
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