

The Office of County Internal Audit

Overtime and Compensatory Time: Enhanced oversight will improve transparency.

#23/24-6



Audit Committee | March 8, 2024

Background on OT and CT

Overtime = hours worked > 40 hours.

Comp time = agreed conversion
of overtime to leave

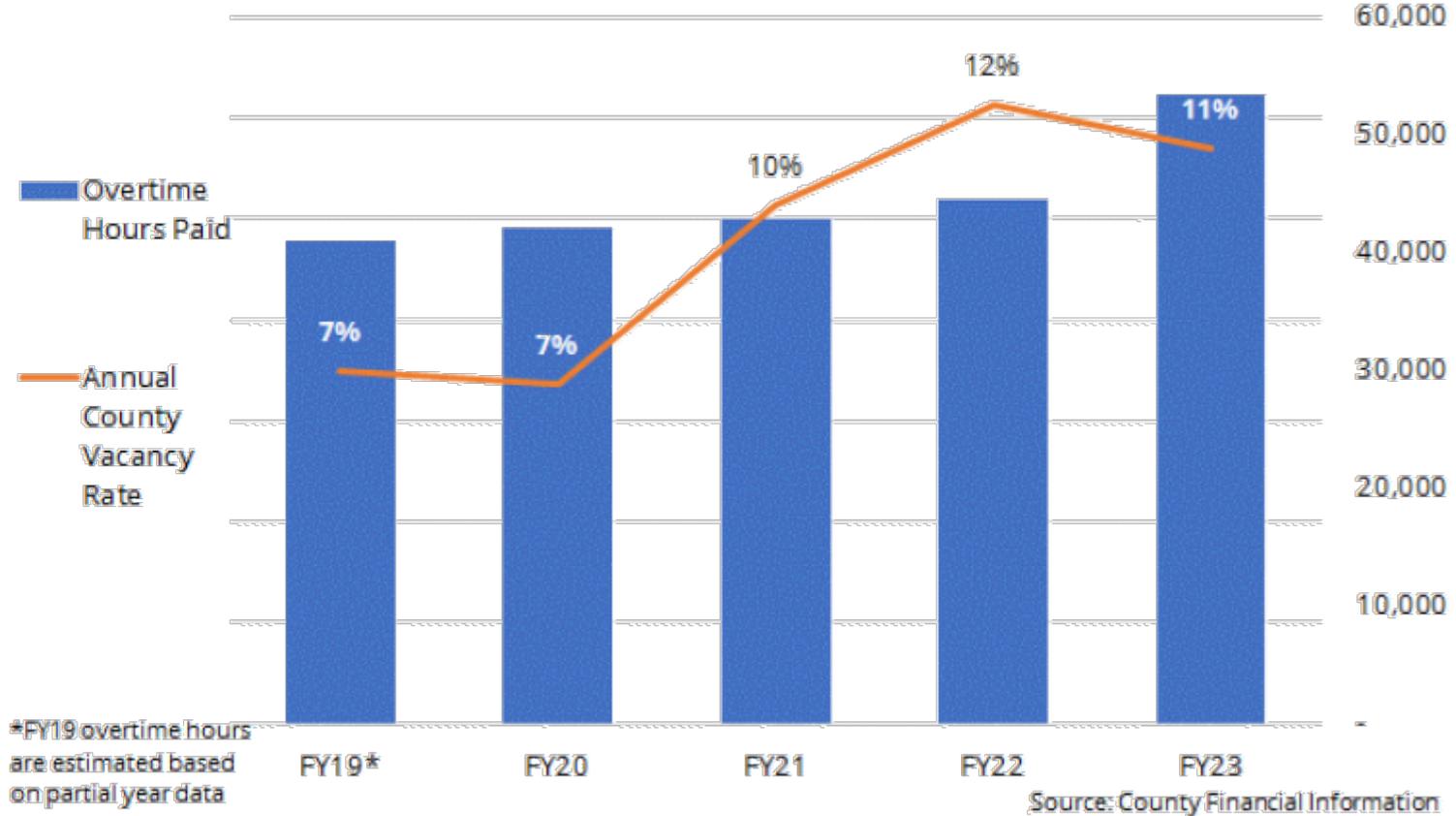
Overtime Paid at 1.5x (plus)

Comp leave used counts toward
40 hours work week

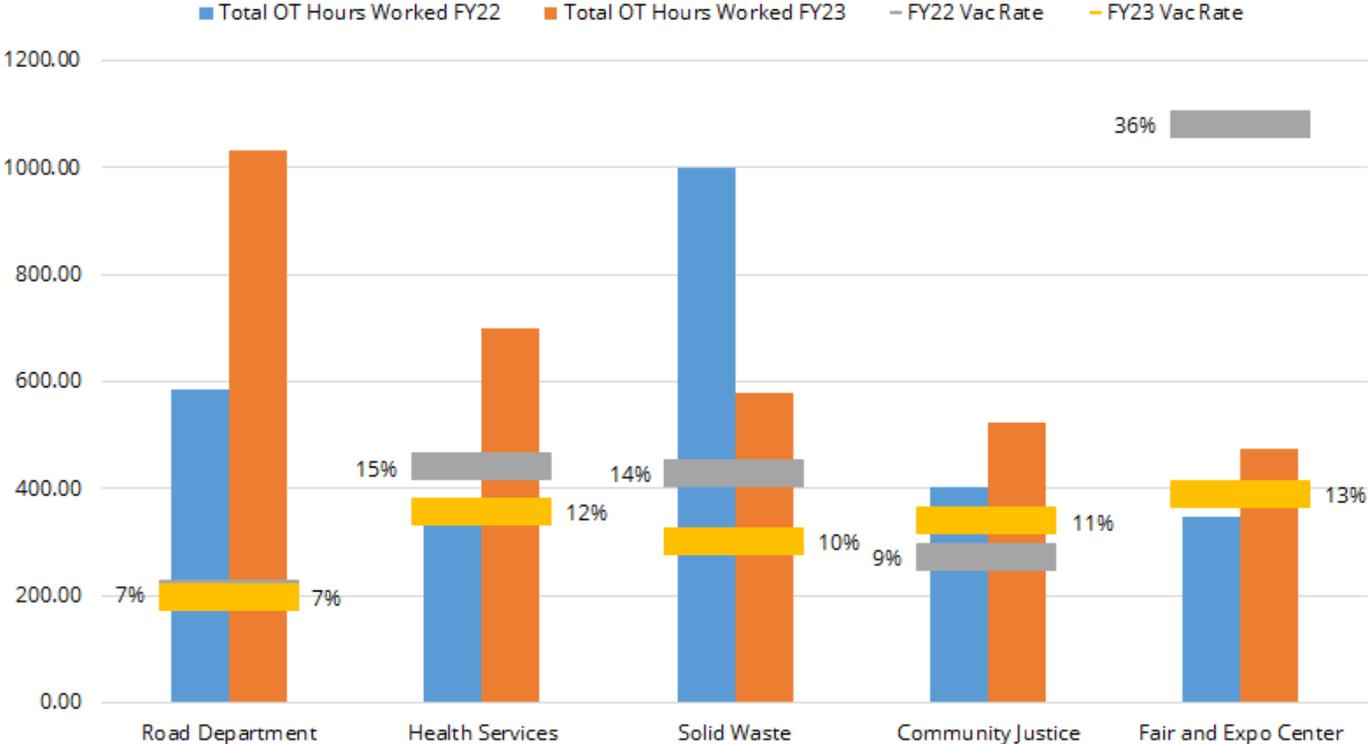
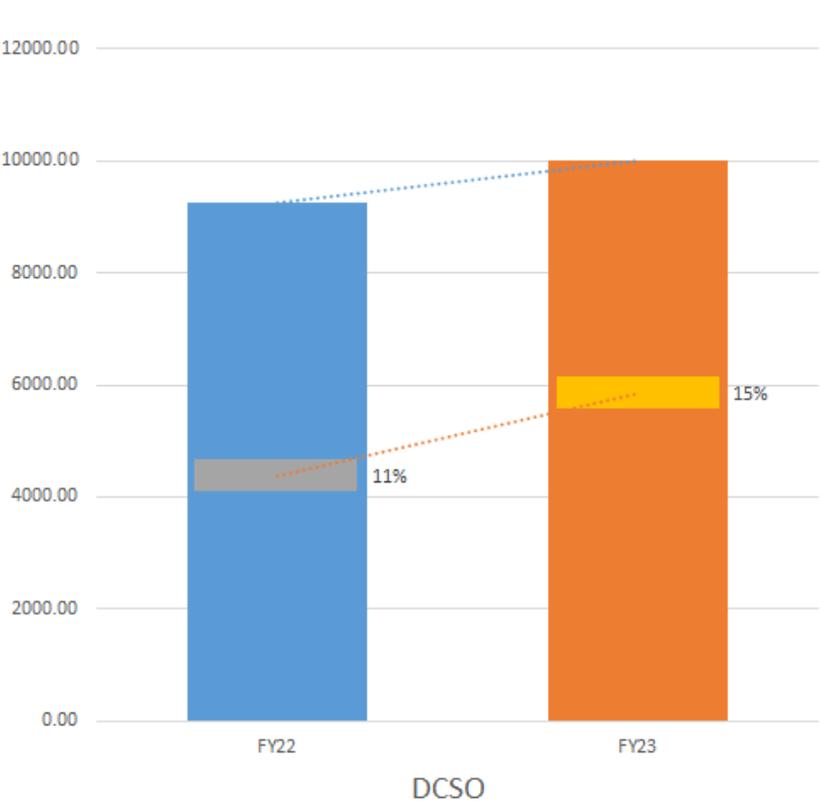


The vacancy explanation

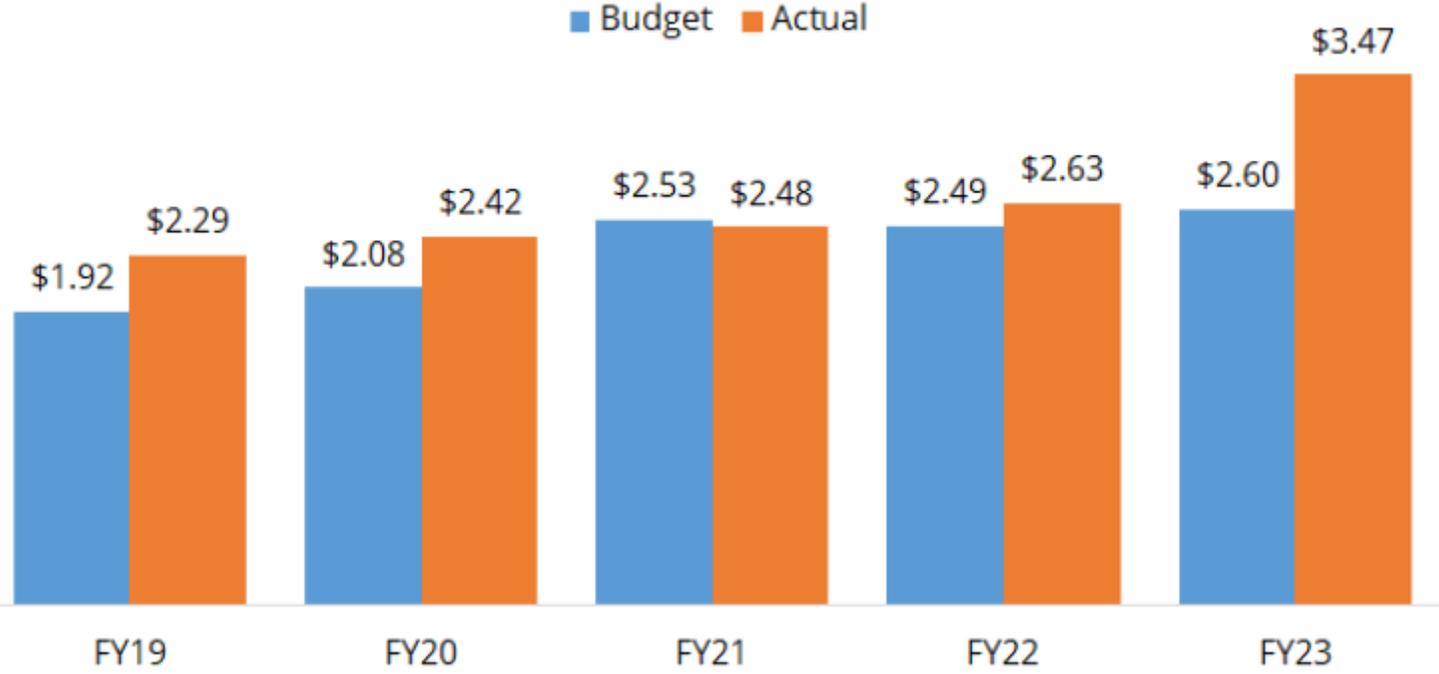
Figure V
Higher vacancy rates seen over the last three fiscal years correlate into increased overtime hours.



The vacancy explanation (not all)



Overtime budgeting



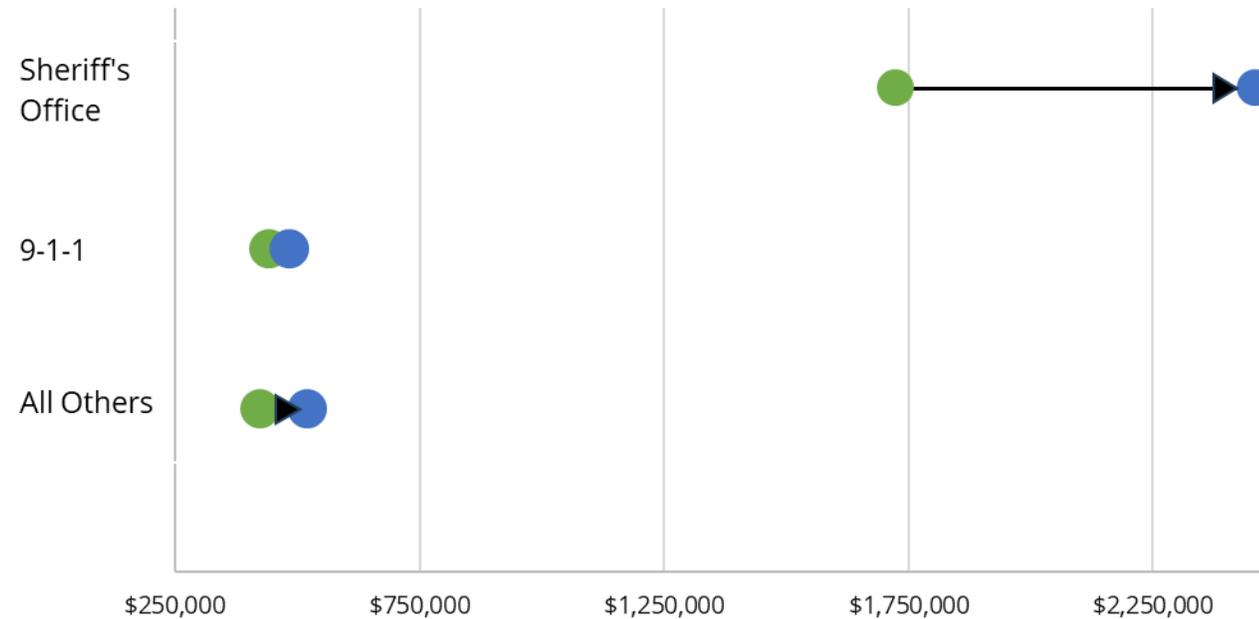
Source: County Financial Information

shown in millions



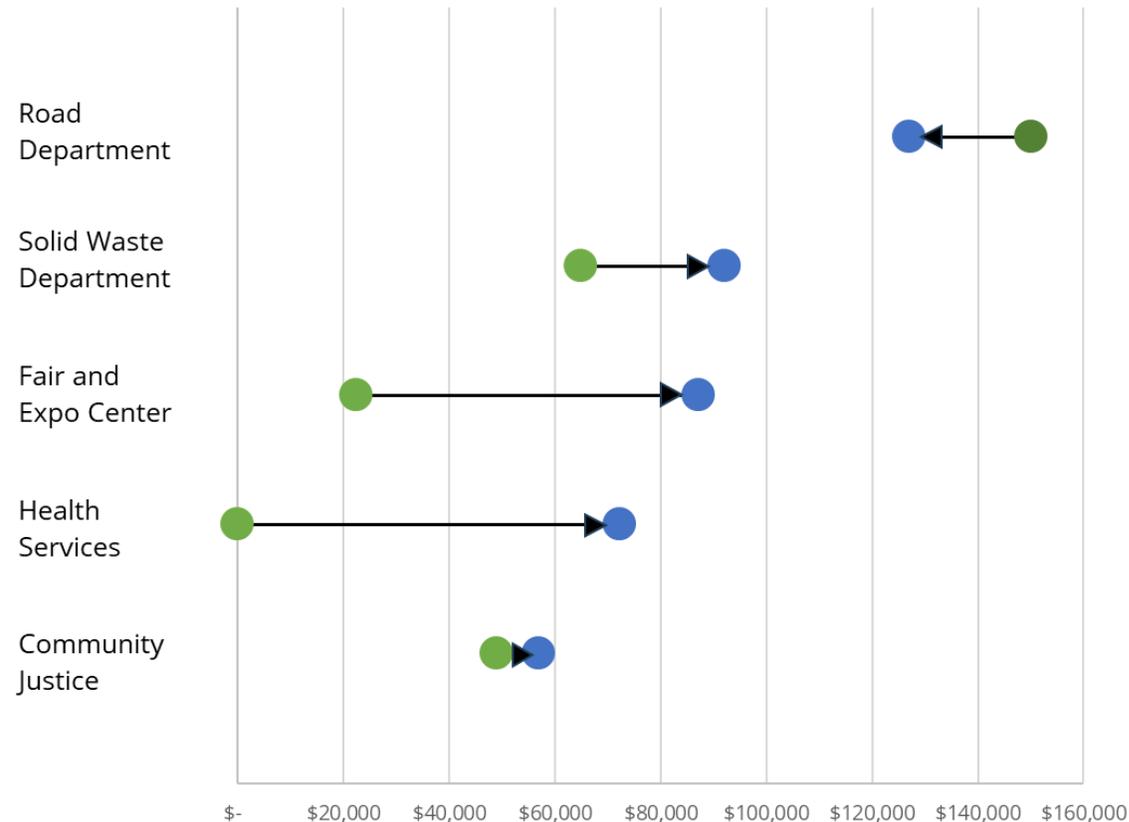
Overtime budgeting

Given the Sheriff's Office overtime usage, underestimating their FY23 **budget** to **actual** costs had a large impact.



Overtime budgeting (all others)

Among departments with over 50k in overtime **expenses**, the Road Department was the most efficient in managing their overtime **budget** for FY2023.



Finding – Inadequate budgeting for overtime expenses is obscured within overall personnel costs.



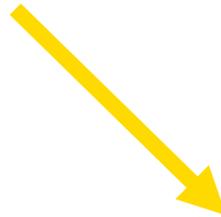
Budget to Actuals Report Health Services - Admin - Fund 274 FY24 YTD November 30, 2023 (unaudited)

41.7%
Year Complete

Total Personnel Costs



| |
|----------------------------|
| Regular Employees |
| Extra Help (Temp Employee) |
| On Call |
| Overtime |
| Time Management |
| Health-Dental Ins (ISF) |
| Retiree Health Insurance |
| PERS Employee-Employer |
| PERS - Fund 575 for D-S |
| PERS - Reserve Fund |
| FICA |
| Workers' Comp Insurance |
| Unemployment Insurance |
| Life-Long Term Disability |
| FSA Administration Fee |
| Paid Leave Oregon |



| RESOURCES | Fiscal Year 2023 | | | Fiscal Year 2024 | | | Projection | % | \$ Variance |
|---------------------------------|---------------------|---------------------|-------------|---------------------|-----------------------|-------------|---------------------|-------------|--------------------|
| | Budget | Actuals | % | Budget | Actuals | % | | | |
| OHP Capitation | 367,074 | 367,074 | 100% | 435,349 | 158,505 | 36% | 435,349 | 100% | - |
| Interest on Investments | 97,750 | 390,781 | 400% | 262,007 | 257,650 | 98% | 562,030 | 215% | 300,023 |
| State Grant | 379,180 | 142,133 | 37% | 160,000 | 207,433 | 130% | 160,000 | 100% | - |
| Other | 160,495 | 33,725 | 21% | 9,000 | 139,541 | 999% | 161,977 | 999% | 152,977 |
| Federal Grants | 454,405 | 592,179 | 130% | - | - | - | - | - | - |
| TOTAL RESOURCES | 1,458,904 | 1,525,892 | 105% | 866,356 | 763,128 | 88% | 1,319,356 | 152% | 453,000 |
| REQUIREMENTS | Budget | Actuals | % | Budget | Actuals | % | Projection | % | \$ Variance |
| Personnel Services | 6,738,820 | 6,093,176 | 90% | 6,519,513 | 2,550,705 | 39% | 6,736,196 | 103% | (216,683) |
| Materials and Services | 6,998,683 | 6,732,321 | 96% | 7,534,229 | 2,992,237 | 40% | 7,577,904 | 101% | (43,675) |
| Capital Outlay | 12,000 | - | 0% | 43,750 | - | 0% | 43,750 | 100% | - |
| Administration Allocation | (11,228,846) | (11,228,846) | 100% | (12,596,186) | - | 0% | (12,596,186) | 100% | - |
| TOTAL REQUIREMENTS | 2,520,656 | 1,596,650 | 63% | 1,501,306 | 5,542,943 | 369% | 1,761,664 | 117% | (260,358) |
| TRANSFERS | Budget | Actuals | % | Budget | Actuals | % | Projection | % | \$ Variance |
| Transfers In- OHP Mental Health | 80,771 | 80,771 | 100% | 81,250 | - | 0% | 81,250 | 100% | - |
| Transfers Out | (230,635) | (230,635) | 100% | (300,174) | (125,070) | 42% | (300,174) | 100% | - |
| TOTAL TRANSFERS | (149,864) | (149,864) | 100% | (218,924) | (125,070) | 57% | (218,924) | 100% | - |
| FUND BALANCE | Budget | Actuals | % | Budget | Actuals | % | Projection | % | \$ Variance |
| Beginning Fund Balance | 3,884,332 | 4,007,465 | 103% | 3,665,544 | 3,786,843 | 103% | 3,786,843 | 103% | 121,299 |
| Resources over Requirements | (1,061,752) | (70,758) | - | (634,950) | (4,779,814) | - | (442,308) | - | 192,642 |
| Net Transfers - In (Out) | (149,864) | (149,864) | - | (218,924) | (125,070) | - | (218,924) | - | - |
| TOTAL FUND BALANCE | \$ 2,672,716 | \$ 3,786,843 | 142% | \$ 2,811,670 | (\$ 1,118,041) | -40% | \$ 3,125,611 | 111% | \$313,941 |

- A** Projection includes adjustment for anticipated unearned revenue. Amounts will be finalized at fiscal year-end.
- B** Includes carryforward of \$125k in unspent FY23 PacificSource Behavioral Health Workforce Diversity Grant.
- C** Personnel projections include anticipated 3% vacancy.



Recommendation #1

The Finance Department monthly financial reports should include overtime expenses for major funds when the projected personnel services requirements exceed budgeted levels.

Transparency
Accountability



Finding – Insufficient documentation regarding premium pay decisions hinders transparency.

Records of exempt overtime decisions found only in the department.



Recommendation #2

The County should establish a centralized documentation repository for all payroll decisions that grant overtime compensation to exempt status employees.

Transparency
Accountability



Finding – The County’s comp time expiration rule is confusing and unnecessary.



Employees have 180 days to use leave.

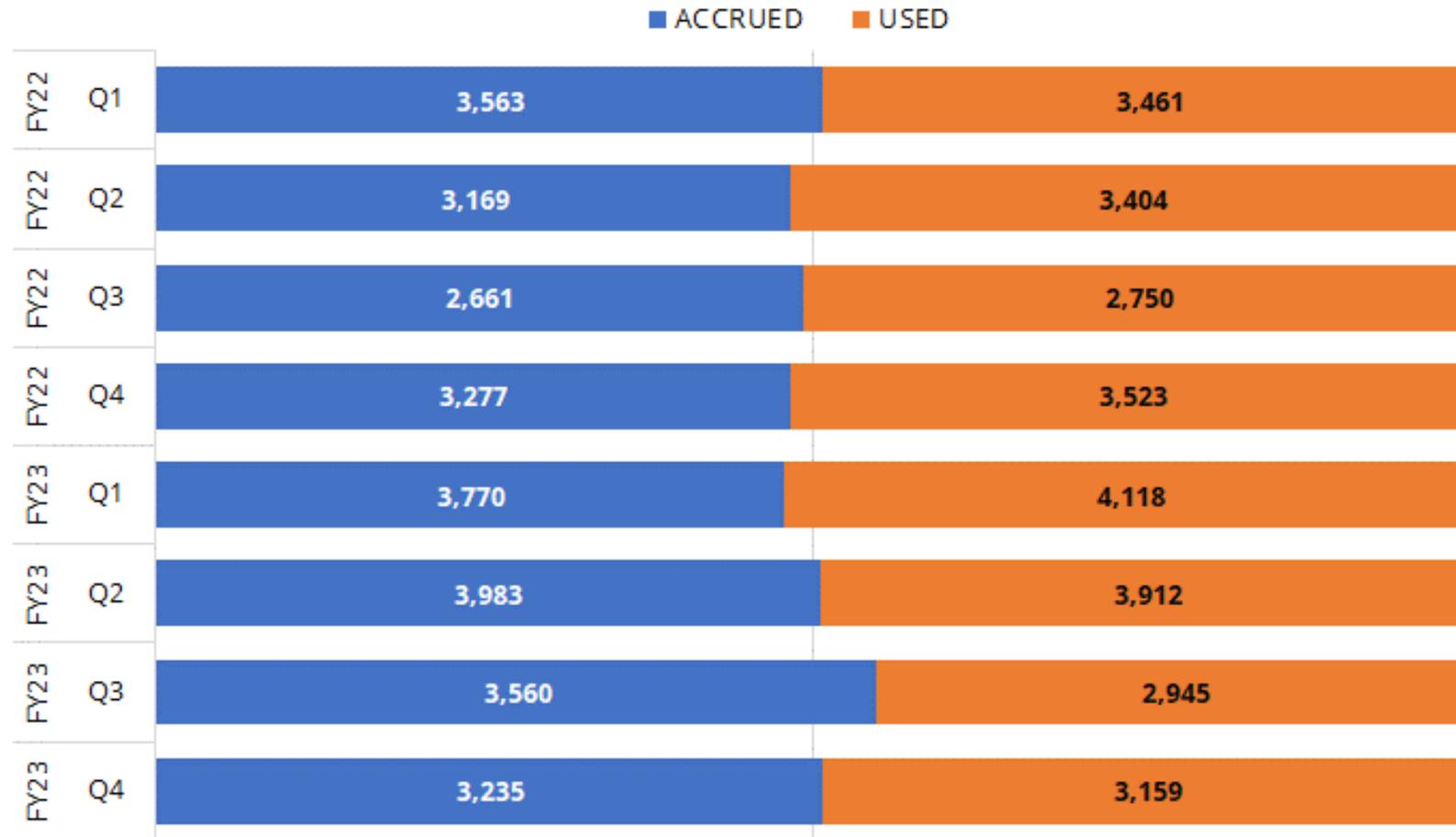


Employees have 50-96 hours balance limitation.

Both serve to limit the liability for the County, but 180-day rule is not being enforced. However, even without enforcement employees are providing stability.



Comp time usage in balance



Source: County Financial Information



Recommendation #3

The County should determine if the 180-day mandate is still relevant and adjust practices/revise policy based upon the determination.

Governance



Recommendation #4

Lane County issues payouts for:

- Transitions between non-exempt to exempt status
- Transfers between departments

The County should incorporate policies which include payouts for comp leave balances in cases of departmental transfer or promotion to exempt status.

- Improves payroll tracking for a leave category no longer applicable.
- Department that approved the leave is responsible for the leave.



Original map copyright 2005 digital-topo-maps.com

Process
Improvement

Governance



Finding - Leave time granted to part-time employees does not align with the Fair Labor Standards Act definition of comp time.

The County is providing part time staff with the option to apply worked hours over their authorized hours as comp time.

| S | M | T | W | Th | F | S |
|-----|---------|---------|---------|--------------------|---------------|-----|
| OFF | 8 - Reg | 8 - Reg | 8 - Reg | 6 - Reg 2 - Add | 4 - Add CT | OFF |

Employee authorized for 30 hours per week (.75 FTE)

Works 36 hours in the week (no OT)

Employee chooses 2 additional hours pay at straight time and 4 hours of comp time leave at a 1:1 rate

FLSA Comp Time – *“...earned at a rate not less than one and one-half hours for each hours of employment for which overtime compensation is required...”*



Recommendation #5

The County should establish and document comprehensive leave options and procedures specifically tailored to part-time employees.

Governance



System Controls

NOVAtime issues already reported on:

1. Negative balances are required for payroll manual adjustments to leave balances.
2. Reporting options limited.
3. Test accounts within the live system.
4. Records differences between NOVAtime and Munis.

Vacation and Sick Leave #21/22-17 December 2022



Deschutes County,
Oregon

Recommendations

10

Vacation and Sick Leave

The Office of County Internal Audit
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Audit committee:
Daryl Parrish, Chair - Public Member
Jodi Burch - Public Member
Joe Healy - Public Member
Scott Reich - Public Member
Summer Sears - Public Member
Stan Turel - Public Member
Patti Adair, County Commissioner
Charles Fadeley, Justice of the Peace
Lee Randall, Facilities Director

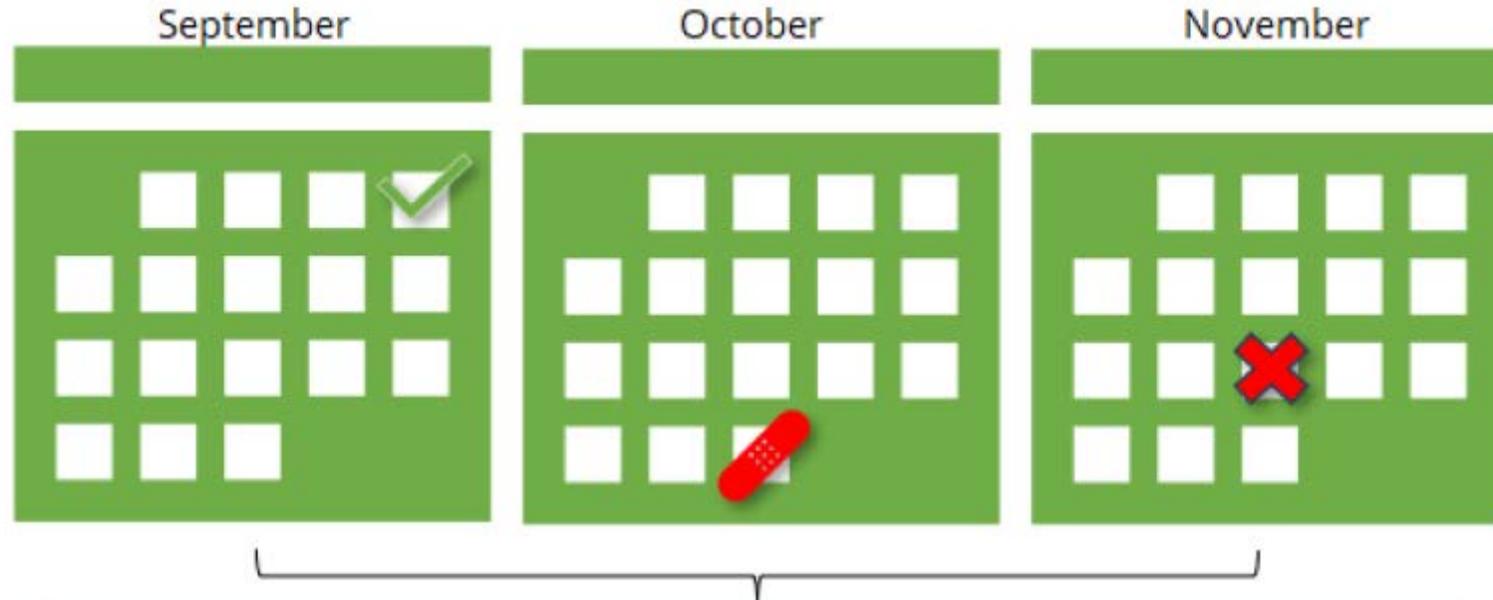
Take survey by clicking [HERE](#)



To request this information in an alternate format, please call (541) 330-4674 or send email to internal.audit@deschutescounty.gov



Finding - NOVAtime system controls do not consistently restrict employees from exceeding their accrued comp time leave balance in certain instances.



In this example the employee begins September with 10 hours of leave. In the first week of September, they request to use 8 hours in the third week of November. They mistakenly use 8 hours of comp time at the end of October for an illness. When the approved date in November comes around, the system takes the 8 hours of approved leave even though the employee only has 2 in the leave bank.



Recommendation #6

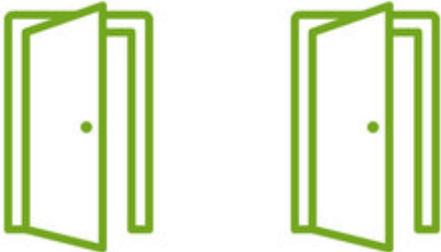
The Finance Department should develop stronger controls around negative comp time leave balances.

Economy



Finding - Generic user accounts compromise NOVAtime security.

NOVAtime Account



Users sharing ID and passwords



Recommendation #7

The Finance Department should assign individual user accounts for each Human Resources staff member needing access to the NOVAtime system.

Transparency
Accountability



Finding - Data accuracy issues persist with the presence of former employee accounts in the County's timekeeping system.



NOVAtime Account



Former director



Recommendation #8

The Finance Department should remove supervisor-level access for all noted former employees.

Transparency
Accountability



Comp time - observation only

CBA/Policy allowances on applying comp time into regular working hours allows for manipulation of the system.

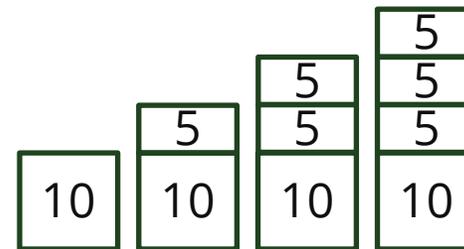
Comp time from comp time hours

| S | M | T | W | Th | F | S |
|-----|---------|---------|---------|---------|---------|-----|
| OFF | 10 - CT | 10 -Reg | 10 -Reg | 10 -Reg | 10 - OT | OFF |

10 hours of CT used

30 hours worked

Additional 15 hours of CT is accrued



Comp time - observation only

CBA/Policy allowances on applying comp time into regular working hours allows for manipulation of the system.

Overtime from comp time hours

| S | M | T | W | Th | F | S |
|-----|---------|---------|---------|---------|-----|-----|
| OFF | 12 - CT | 12 - CT | 12 - CT | 12 - CT | OFF | OFF |

First 40 hours of CT paid at regular rate

Next 8 hours of CT paid at the scheduled OT rate (1.5x)

CT hours gained at 1.5x rate then compensated at 1.5x rate



Audit Objectives

1. Does overtime and comp time align with budgeted department costs?
2. Does overtime and comp time comply with policies and procedures?
3. Does overtime and comp time create disparities across employees?



Observation

Gender Identity

| | Deschutes County Workforce | % of OT Hours Paid | % of OT Hours Paid w/o DCSO | % of CT Hours Accrued |
|-------|-----------------------------------|---------------------------|------------------------------------|------------------------------|
| Women | 56.89% | 36.57% | 54.93% | 54.37% |
| Men | 43.04% | 63.43% | 45.07% | 45.63% |



Observation

Racial Identity

| | Deschutes County Workforce | % of OT Hours Paid | % of CT Hours Accrued |
|-----------|----------------------------|--------------------|-----------------------|
| White | 89% | 92% | 89% |
| Non-White | 11% | 8% | 11% |



Observation

Age

| Age Range (years) | Workforce earning OT | % of OT Hours Paid | Workforce accruing CT | % of CT Hours Accrued |
|-------------------|----------------------|--------------------|-----------------------|-----------------------|
| 20-30 | 13% | 10% | 11% | 9% |
| 30-40 | 29% | 28% | 32% | 31% |
| 40-50 | 28% | 30% | 28% | 30% |
| 50-60 | 20% | 23% | 21% | 26% |
| 60-70 | 9% | 8% | 8% | 3% |
| 70-80 | 0% | 0% | 1% | 1% |



Observation

Base Pay

| Base Rate in \$ | Workforce earning OT | % of OT Hours Paid | Workforce accruing CT | % of CT Hours Accrued |
|-----------------|----------------------|--------------------|-----------------------|-----------------------|
| 10-20 | 1% | 0% | 1% | 1% |
| 20-30 | 29% | 7% | 28% | 18% |
| 30-40 | 41% | 41% | 48% | 57% |
| 40-50 | 21% | 37% | 22% | 23% |
| 50-60 | 5% | 10% | 2% | 2% |
| 60-70 | 2% | 3% | | |
| 70-80 | 1% | 2% | | |



Observation

Length of Service

| Length of Service (years) | Workforce earning OT | % of OT Hours Paid | Workforce accruing CT | % of CT Hours Accrued |
|---------------------------|----------------------|--------------------|-----------------------|-----------------------|
| 0-5 | 50% | 29% | 48% | 44% |
| 5-10 | 21% | 26% | 24% | 23% |
| 10-15 | 8% | 12% | 8% | 11% |
| 15-20 | 12% | 20% | 12% | 14% |
| 20-25 | 6% | 10% | 5% | 7% |
| 25-30 | 2% | 3% | 2% | 2% |



Observation

CBA

| CBA | Deschutes County Workforce | % of OT Hours Paid | % of CT Hours Accrued |
|-----------------|----------------------------|--------------------|-----------------------|
| 911EU | 7% | 16% | 9% |
| AFSCME | 36% | 8% | 30% |
| DCSEA | 26% | 48% | 20% |
| FOPPO | 3% | 0% | 5% |
| IUOE | 12% | 8% | 26% |
| NON-REPRESENTED | 17% | 20% | 10% |



Observation

PERS Tier

| PERS | Deschutes County Workforce | % of OT Hours Paid | % of CT Hours Accrued |
|--------|----------------------------|--------------------|-----------------------|
| Tier 1 | 4% | 5% | 2% |
| Tier 2 | 11% | 19% | 10% |
| OPSRP | 85% | 75% | 88% |



Observation

Job Class Analysis

| Top 10 Avg OT hours paid with more than 10 ee's | Top 10 Avg CT hours accrued with more than 10 ee's | Top 10 Avg CT Balances with more than 10 ee's |
|---|--|---|
| PUBLIC SAFETY DISPATCHER II | PW EQUIPMENT OPERATOR, HEAVY | PW EQUIPMENT OPERATOR, HEAVY |
| SERGEANT | PUBLIC SAFETY DISPATCHER II | PUBLIC SAFETY DISPATCHER II |
| PUBLIC SAFETY DISPATCHER I | PW EQUIPMENT OPERATOR, LIGHT | PW EQUIPMENT OPERATOR, LIGHT |
| DEPUTY SHERIFF | PUBLIC SAFETY DISPATCHER I | COMMUNITY JUSTICE SPECIALST |
| MAINTENANCE SPECIALIST II | PAROLE & PROBATION OFFICER | SERGEANT |
| DEPUTY SHERIFF, CORRECTIONS | MAINTENANCE SPECIALIST II | DEPUTY SHERIFF |
| LIEUTENANT | COMMUNITY JUSTICE SPECIALST | DEPUTY SHERIFF, CORRECTIONS |
| PW EQUIPMENT OPERATOR, HEAVY | CODE COMPLIANCE SPECIALIST | PAROLE & PROBATION OFFICER |
| 9-1-1 CALL TAKER | EQUIPMENT MECHANIC | LANDFILL SITE ATTENDANT |
| LANDFILL SITE ATTENDANT | LANDFILL SITE ATTENDANT | BEHAVIORAL HLTH SPEC I |



Observation

| Department | # of FT/PT employees working during FY22/23 | # of employees eligible for OT during period | % of employees eligible for OT | # of employees with paid OT | # of employees with CT accrual | # of employees with both OT/CT | Total # of employees working OT | Total Hours of OT worked | % of eligible employees working overtime |
|----------------------------|---|--|--------------------------------|-----------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------|--|
| 911 | 67 | 53 | 79% | 27 | 1 | 25 | 53 | 17,995 | 100% |
| Assessor's Office | 42 | 37 | 88% | 2 | 19 | 4 | 25 | 467 | 68% |
| Clerk's Office | 14 | 10 | 71% | 5 | 2 | 3 | 10 | 182 | 100% |
| Community Development | 80 | 52 | 65% | 38 | 1 | 10 | 49 | 2,070 | 94% |
| Community Justice | 97 | 76 | 78% | 9 | 14 | 35 | 58 | 3,440 | 76% |
| County Administration | 27 | 12 | 44% | 1 | 3 | 5 | 9 | 388 | 75% |
| District Attorney's Office | 82 | 41 | 50% | 9 | 7 | 18 | 34 | 1,045 | 83% |
| Facilities | 32 | 26 | 81% | 4 | 1 | 14 | 19 | 1,349 | 73% |
| Fair and Expo Center | 12 | 8 | 67% | 7 | 0 | 1 | 8 | 2,901 | 100% |
| Finance | 22 | 8 | 36% | 3 | 6 | 1 | 10 | 389 | 125% |
| Health Services | 503 | 211 | 42% | 61 | 49 | 46 | 156 | 3,927 | 74% |
| Houselessness | 2 | 1 | 50% | 1 | 0 | 0 | 1 | 45 | 100% |
| Human Resources | 10 | 4 | 40% | 2 | 1 | 2 | 5 | 426 | 125% |
| IT | 21 | 1 | 5% | 1 | 0 | 0 | 1 | 1 | 100% |
| Justice Court | 5 | 3 | 60% | 0 | 2 | 1 | 3 | 126 | 100% |
| Legal Dept | 9 | 2 | 22% | 0 | 1 | 1 | 2 | 21 | 100% |
| Road Department | 68 | 57 | 84% | 6 | 14 | 32 | 52 | 7,818 | 91% |
| Sheriff's Office | 256 | 232 | 91% | 118 | 6 | 103 | 227 | 68,013 | 98% |
| Solid Waste | 46 | 40 | 87% | 16 | 0 | 24 | 40 | 4,998 | 100% |
| Veterans Services | 6 | 5 | 83% | 1 | 0 | 3 | 4 | 313 | 80% |
| TOTALS (AVGS) | 1401 | 879 | (63%) | 311 | 127 | 328 | 766 | 115,910 | (87%) |



Don't forget to fill out the survey!

Questions/ Comments?



Thank you

