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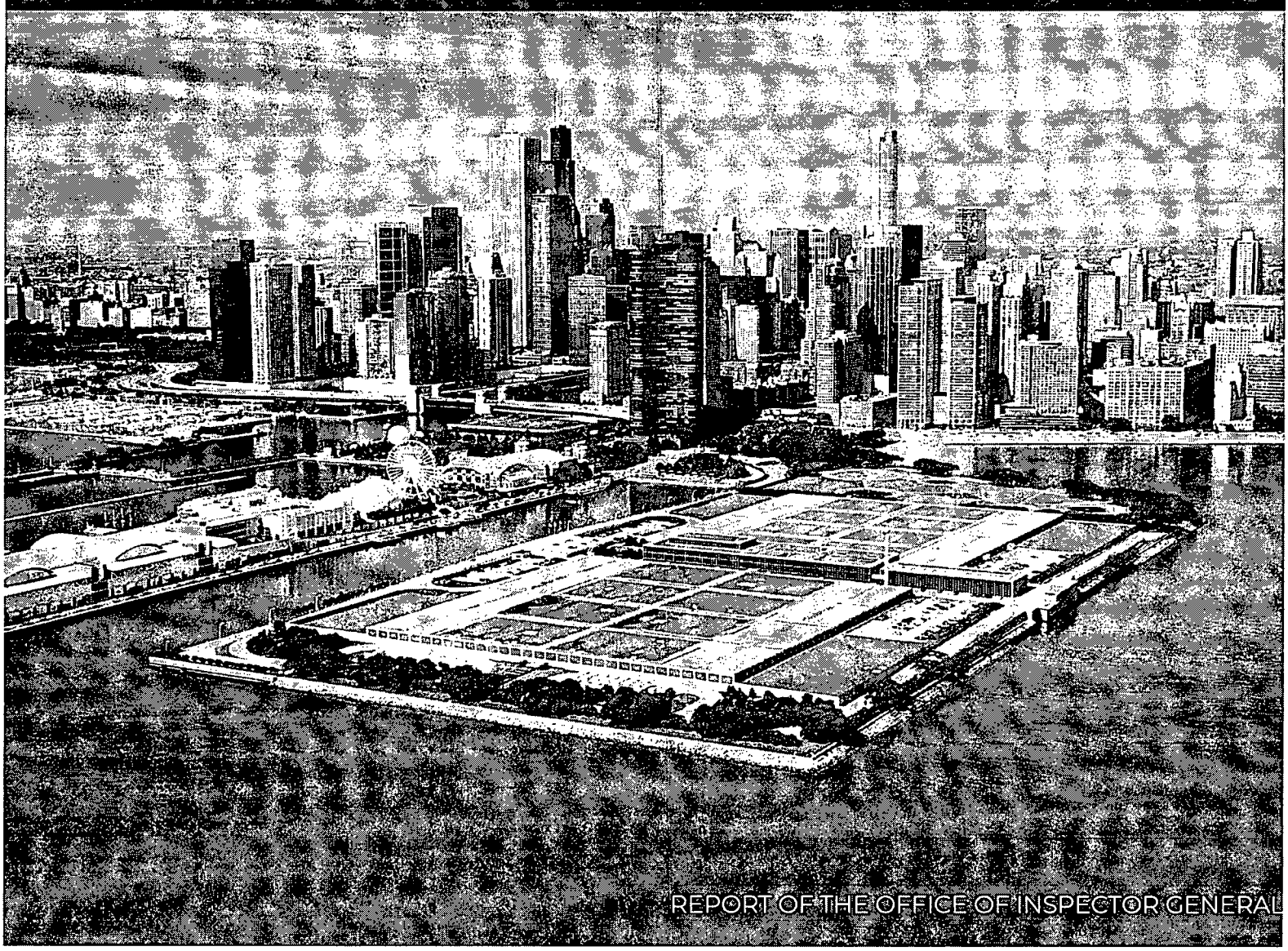
MARCH 2020

CITY OF CHICAGO OFFICE OF INSPECTOR GENERAL

DEPARTMENT OF WATER MANAGEMENT OVERTIME MONITORING AUDIT



REPORT OF THE OFFICE OF INSPECTOR GENERAL

JOSEPH M. FERGUSON
INSPECTOR GENERAL

CITY OF CHICAGO
OFFICE OF INSPECTOR GENERAL
740 NORTH SEDGWICK STREET, SUITE 200
CHICAGO, ILLINOIS 60654
TELEPHONE (773) 478-7799
FAX (773) 478-3949

MARCH 25, 2020

TO THE MAYOR, CITY COUNCIL, CITY CLERK, CITY TREASURER, AND RESIDENTS OF THE CITY OF CHICAGO:

The City of Chicago Office of Inspector General (OIG) has completed an audit of the Department of Water Management's overtime monitoring. The objective of the audit was to determine if DWM effectively monitored overtime to prevent waste and abuse.

Based on the audit results, OIG concluded that DWM developed policies and tools to manage overtime but did not utilize these resources consistently. The Department's management personnel, at both the central and bureau level, were unaware of the full range of DWM's overtime processes. Moreover, managers had not exercised robust oversight of overtime distribution and had not consistently maintained overtime records.

OIG recommends that DWM update and distribute its overtime policies and use existing monitoring tools to inform operational decisions. The Department should also continue its efforts to develop internal reporting tools that provide a real-time view of overtime usage. We further recommend that DWM improve the consistency, transparency, and fairness of the overtime process by 1) identifying, documenting, and standardizing overtime "call-out" processes, 2) retaining overtime records, and 3) updating its existing transfer documentation.

In response, DWM stated that it agrees with our recommendations and will make better use of overtime monitoring tools to promote compliance with its revised overtime policy. DWM has also revised some call-out procedures to make them more uniform and directed all bureaus to ensure transparency by posting their call-out lists. Finally, DWM will update its transfer request form and retention policy.

We thank DWM staff and management for their cooperation.

Respectfully,

Joseph M. Ferguson
Inspector General
City of Chicago

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ACRONYMS

BOD	Bureau of Operations and Distribution
BWS	Bureau of Water Supply
CBA	Collective Bargaining Agreement
DOL	Department of Law
DWM	Department of Water Management
GAO	Government Accountability Office
OBM	Office of Budget and Management
OIG	Office of Inspector General

CITY OF CHICAGO
OFFICE OF INSPECTOR GENERAL

DEPARTMENT OF WATER MANAGEMENT OVERTIME MONITORING AUDIT

$9.0 TO $14.9 MILLION

is the amount the Department of Water Management (DWM) exceeded its overtime budget each year from 2015-2019.

17 DIFFERENT COLLECTIVE BARGANING AGREEMENTS

affect DWM overtime practices.

14,000+ LABOR TRACKING CODE COMBINATIONS

defined by DWM to monitor overtime.

INSUFFICIENT MONITORING

limits DWM's ability to identify operational deficiencies and potential patterns of overtime abuse.

MANAGEMENT IS NOT AWARE OF ALL OVERTIME PROCESSES

The Bureaus of Distribution and Water Supply have at least 15 unique call-out processes that dictate the order in which employees are offered overtime; 10 of the 15 lack written instructions.

I. EXECUTIVE SUMMARY

The Office of Inspector General (OIG) conducted an audit of the Department of Water Management's (DWM) overtime monitoring.

The objective of the audit was to determine if DWM effectively monitored overtime to prevent waste and abuse. This included determining whether DWM,

- consistently applied policies for authorizing and approving overtime;
- offered overtime to employees in a manner consistent with established practices and compliant with collective bargaining agreements (CBAs);
- implemented strategies for mitigating excessive overtime; and
- ensured that the crew transfer process adhered to Department policy and CBA requirements.

Our audit focused on the Bureaus of Water Supply (BWS) and Operations and Distribution (BOD), which accounted for 96.8% of the Department's overtime expenditures from 2015 through 2019.

A. CONCLUSION

OIG concluded that DWM had policies and tools to manage overtime but did not use these resources consistently. DWM management could not ensure overtime was offered in accordance with CBAs and established practices because it was unaware of the full range of overtime processes in use across the Department, it did not provide robust oversight, and it did not consistently retain overtime records.

B. FINDINGS

DWM complied with the Office of Budget and Management's (OBM) directive that each City department establish overtime policies. However, DWM did not learn that its policy had been approved until OIG inquired. The policy defined "labor tracking codes," which allowed the Department to track the location of and rationale for every instance of overtime use, but some of the codes were outdated and the policy had not been distributed to supervisors.

In addition, DWM did not take advantage of all available tools to manage and monitor overtime across the Department. Insufficient monitoring limits DWM's ability to identify operational deficiencies—such as staffing shortages—or potential patterns of overtime abuse. During the audit, OIG learned that OBM had created a set of interactive dashboards to show DWM central management where the Department was incurring overtime. However, the small number of DWM managers who had

access to the dashboards were generally unfamiliar with them or misunderstood their contents. Some managers were not even aware they had access. As a result, DWM management did not take full advantage of tools that could inform staffing adjustments. BOD took the initiative of creating its own bureau-specific tools, but some of the supervisors who had direct responsibility for overtime did not have access to these tools, and thus could not make fully informed decisions about overtime operations.

OIG also examined the overtime "call-out" process, which dictates the order in which employees are offered overtime. We could not assess whether DWM correctly distributed overtime to employees because the call-out lists did not clearly identify the order in which employees had been offered overtime. Instead, we reviewed available documentation and interviewed front-line staff in both bureaus to identify concerns or potential abuse in the process. We found that call-out processes across the Department were neither standardized nor transparent, creating a climate where employees might perceive the overtime system as unfair, which may, in turn, negatively affect morale and trigger grievances.

The format, process, and responsibility for call-outs at DWM varied widely depending on supervisor, trade, and work location. For example, BWS employees at the Sawyer and Jardine Water Purification Plants have different shift and work requirements than BOD employees doing construction work on city streets. However, DWM central and bureau management were unaware of the full range of overtime processes in use across the Department, and therefore could not ensure that all employees were offered overtime in a manner consistent with established practices and compliant with CBAs. OIG identified at least 15 unique overtime processes across BWS and BOD—though there are likely many more—and only 5 of the 15 were documented.

Call-out lists, which some supervisors use to identify who is next in line for overtime, were inconsistently used, posted, and updated by BWS and BOD. DWM employees described a wide range of practices for determining who should be offered overtime, including one supervisor who said they relied solely on their memory. Some CBAs explicitly require call-out lists to be posted for employees to see, while others do not. DWM did not have policies requiring call-out lists to be posted.

Finally, OIG identified inconsistencies in the crew transfer process, which allows employees to transfer to potentially high-overtime positions. More consistent and transparent implementation of this process could help ensure that the most senior employees are offered transfer opportunities first, as required by CBAs, and that employees do not waste time submitting invalid requests.

C. RECOMMENDATIONS

OIG recommends that DWM update and distribute its overtime policies to supervisors and timekeepers, provide training to supervisors, and use existing monitoring reports to inform department-wide operational decisions about overtime. The Department should also develop and implement procedures to ensure compliance with the policy, continue developing internal reporting tools to provide a real-time view of overtime within its bureaus, and consider distributing the policy to all DWM employees.

We also recommend that DWM take steps to improve the consistency, transparency, and fairness of the overtime process by 1) identifying, documenting, and standardizing overtime call-out processes, 2) ensuring overtime records are properly retained, and 3) updating transfer documentation.

D. DWM RESPONSE

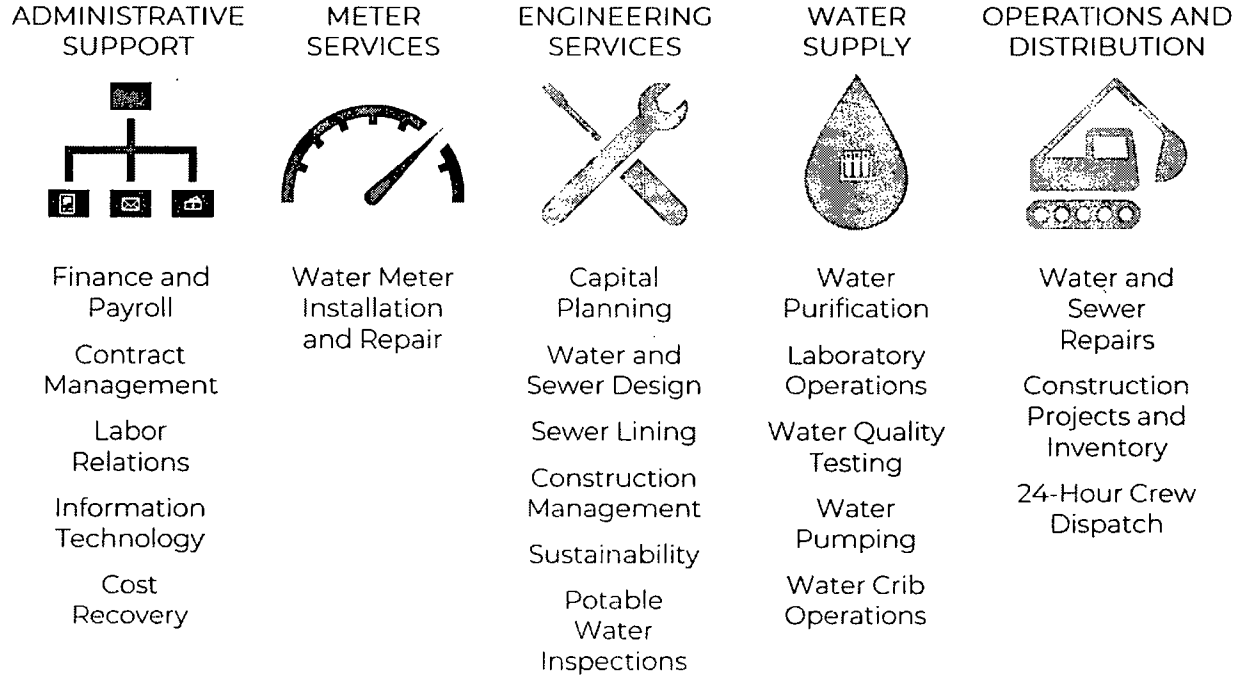
In response to our audit findings and recommendations, DWM stated that it will revise its overtime policy, distribute the revised policy to all supervisors and timekeepers, and develop procedures to promote compliance. DWM also stated that additional DWM managers now have access to OBM's interactive dashboards, and it will give supervisors access to internal overtime reports. DWM has also revised some call-out procedures to make them more uniform and directed all bureaus to ensure transparency by posting their call-out lists. Finally, DWM will update its transfer request form and retention policy.

The specific recommendations related to each finding, and DWM's response, are described in the "Findings and Recommendations" section of this report.

II. BACKGROUND

The Department of Water Management (DWM) designs, constructs, and maintains the City's water and sewer systems, and provides fresh water to Chicago and 125 suburbs.[1] The Department is organized into five bureaus, shown in Figure 1.

FIGURE 1: DWM BUREAUS AND RESPONSIBILITIES



Source: DWM website[2] and organizational chart[3]

A. BUDGETED VS. ACTUAL OVERTIME

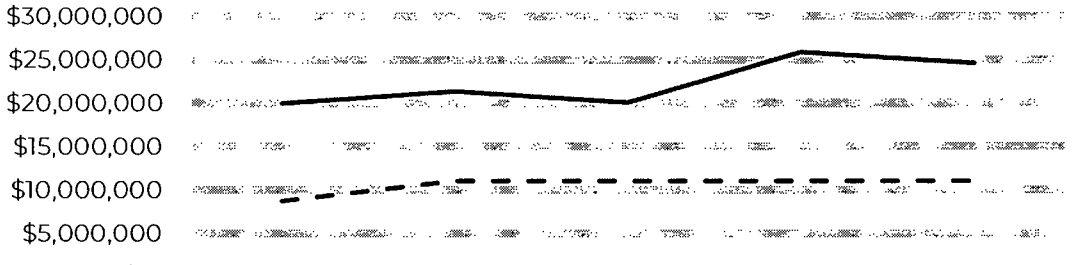
DWM regularly exceeds its annual overtime budget. As shown in Figure 2, the Department exceeded this budget by at least $9.0 million every year from 2015 through 2019, with the average overrun equal to 112% over budget.

[1] City of Chicago, Office of Budget and Management, "2020 Budget Overview," October 23, 2019, 104, accessed December 31, 2019, https://www.chicago.gov/content/dam/city/depts/obm/supp_info/2020Budget/2020BudgetOverview.pdf

[2] City of Chicago, Department of Water Management, "What We Do," accessed December 2, 2019, https://www.chicago.gov/city/en/depts/water.html

[3] City of Chicago, Department of Water Management "Water Management Organizational Chart," accessed December 2, 2019, https://www.chicago.gov/content/dam/city/depts/water/OrgChrtDWM20130201.pdf

FIGURE 2: DWM OVERTIME BUDGET AND EXPENDITURES, 2015-2019

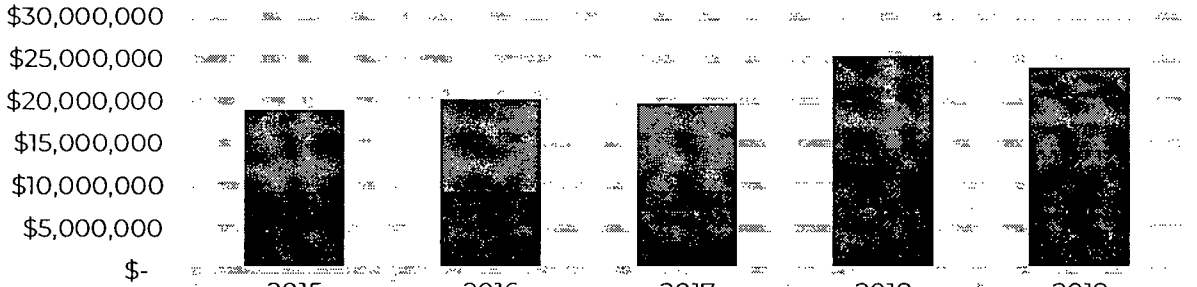


	2015	2016	2017	2018	2019
Actual	$19,949,875	$21,349,176	$20,072,300	$25,944,420	$24,634,826
Budget	$8,724,735	$11,094,029	$11,094,029	$11,094,029	$11,094,029
Total Over Budget	$11,225,140	$10,255,147	$8,978,271	$14,850,391	$13,540,797
Percent Over Budget	129%	92%	81%	134%	122%

Source: OIG summary of data from the City's financial system

The Bureaus of Water Supply (BWS) and Operations and Distribution (BOD) accounted for $108,344,724, or 96.8%, of DWM's total overtime expenditures over this five-year period, as shown in Figure 3.

FIGURE 3: BWS AND BOD ACCOUNTED FOR APPROXIMATELY 97% OF DWM'S OVERTIME EXPENDITURES BETWEEN 2015 AND 2019

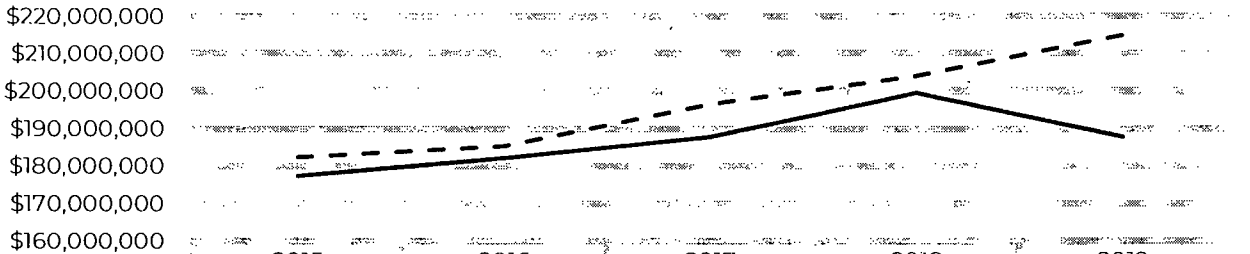


	2015	2016	2017	2018	2019
Other Bureaus	$1,042,047	$1,073,766	$326,327	$529,961	$633,772
BWS	$9,590,307	$11,019,638	$10,282,655	$10,972,292	$9,858,809
BOD	$9,317,521	$9,255,772	$9,463,318	$14,442,167	$14,142,245
Total	$19,949,875	$21,349,176	$20,072,300	$25,944,420	$24,634,826

Source: OIG summary of data from the City's financial system

Although DWM has consistently exceeded its overtime budget, the Department has spent less than budgeted for total salaries and wages. As a result, DWM has historically stayed under budget for total personnel costs.

FIGURE 4: DWM TOTAL PERSONNEL COSTS, 2015-2019



	2015	2016	2017	2018	2019
Budget	$182,305,468	$185,184,934	$196,601,561	$203,976,972	$215,074,759
Actual	$177,381,120	$182,020,032	$187,815,776	$199,608,753	$187,889,585

Source. OIG summary of data from the City's financial system.

B. PRIMARY CAUSES OF OVERTIME

DWM stated that the primary causes of overtime are emergencies, adverse weather conditions, and shift coverage due to vacancies.[4] DWM uses emergency overtime for situations that need immediate attention, such as broken water mains caused by low temperatures. The average number of overtime hours is typically higher in December, January, and February each year.

Shift coverage also contributes significantly to overtime—particularly within BWS. BWS operates the Jardine and Sawyer water purification plants, as well as eight staffed pumping stations.[5] DWM stated that these facilities must be staffed at all times by various trades;[6] the Department has historically set staffing levels to serve this operational necessity. One BWS trade in particular—operating engineers—contributes significantly to overtime, due to vacant positions. Operating engineers had the highest total overtime earnings and hours of any DWM position from 2015 through 2019.

As of July 2019, 16% of budgeted BWS operating engineer positions were vacant. BWS management stated that many vacancies were in afternoon and night shifts, which are less popular than day shifts. Although the City's hiring process can present an obstacle to filling vacancies, BWS management stated that the larger issue is retaining operating engineers. Because shift preference is awarded based on seniority, newer employees work the less desirable shifts. This prompts many to

[4] There are many other factors that contribute to overtime, albeit in lesser amounts These include holiday overtime pay, preventative maintenance, cleaning, and repair work at facilities throughout the City

[5] There are 12 pumping stations located throughout the City. 4 are not staffed DWM is working to change pumping stations from steam power to electric, which will significantly reduce staffing levels required at each station

[6] DWM employs individuals in many different trades including operating engineers, motor truck drivers, construction laborers, chemists, and painters

transfer to other City departments—such as the Chicago Department of Aviation or the Department of Assets, Information, and Services—where they have a better chance of working day shifts.

C. LAWS, COLLECTIVE BARGAINING AGREEMENTS, AND THE CITYWIDE OVERTIME POLICY

Overtime within DWM is primarily regulated by the federal Fair Labor Standards Act, which requires paying an employee who works more than 40 hours in a week an overtime rate of no less than 1.5 times their regular rate.[7] Some aspects of overtime in DWM are also regulated by 17 different CBAs between the City and labor unions. For instance, under certain conditions, CBAs require paying overtime at double an employee's regular rate. The 17 CBAs that affect DWM operations are listed in Appendix A.

OBM issued an Overtime Management Policy, effective January 1, 2017, "to provide guidelines to City of Chicago departments on required overtime management provisions."[8] The policy establishes eight standard reasons for overtime and requires each department to "establish unique labor tracking codes that define specific reasons for incurring overtime."[9] The Citywide policy also requires that each department "have a written overtime management policy that is approved by the Department Head and subsequently by the Comptroller and Budget Director." Each department's policy must "minimally include all of the following elements:

- A reference to the City of Chicago Overtime Management Policy [...].
- Department-defined and approved labor tracking codes that correspond with one of the permissible reason categories.
- A defined process for supervisors to pre-authorize every instance of overtime work.
- A defined process for accurately coding all overtime (including compensatory time earned) in the [time and attendance] system via both a reason category code and corresponding labor tracking code.
- A defined internal review process that requires management/supervisors to regularly scrutinize all overtime worked and compensatory hours earned

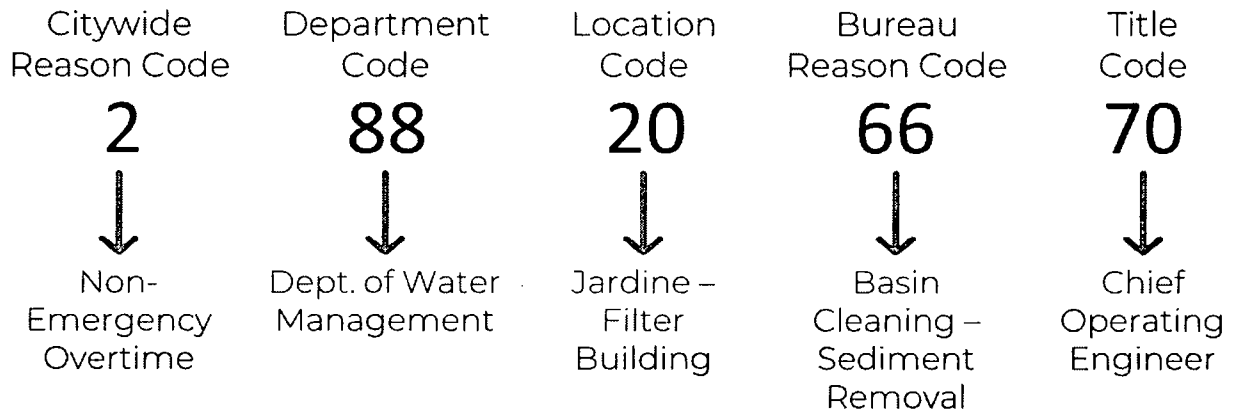
[7] United States Department of Labor, "Fact Sheet #23 Overtime Pay Requirements of the FLSA," July 2008, accessed January 9, 2020, https://www.dol.gov/whd/regs/compliance/whdfs23.pdf
[8] The Overtime Management Policy was updated in January 16, 2020 with minor changes
[9] These reasons are 1) unplanned emergency overtime unrelated to weather, 2) pre-planned overtime, 3) weather-related overtime, 4) revenue-generating and reimbursable overtime, 5) overtime for major City events, 6) holiday coverage to meet minimum staffing requirements, 7) short-term "management initiatives" and 8) overtime coverage for employees attending mandated administrative hearings

during previous months specific to each category code and its corresponding labor tracking codes. The review should be conducted in a manner that identifies unauthorized overtime and tracks year-to-date costs to budget.

- A defined method for distributing the department's policy to all supervisors and timekeepers and ensuring appropriate training and compliance with the provisions of the Overtime Management Policy."

All DWM overtime work is documented on a hand-written overtime approval sheet and then later entered into an electronic payroll system.[10] The approval sheets include the name of each employee who worked the overtime, the number of overtime hours, and the related labor tracking code. By way of example, Figure 5 breaks down a labor tracking code for non-emergency overtime worked by a chief operating officer to remove basin sediment at the Jardine filter building. Across the DWM positions covered by the 17 labor contracts, DWM has defined at least 14,000 different labor tracking code combinations.

FIGURE 5: AN OVERTIME LABOR TRACKING CODE FOR BWS



Source DWM

[10] For simplicity, we use the term "overtime approval sheet." BOD refers to this document as a "pink sheet," while BWS refers to it as a "yellow sheet."

III. FINDINGS AND RECOMMENDATIONS

FINDING 1: DWM DEVELOPED AN OVERTIME POLICY AND IMPLEMENTED LABOR TRACKING CODES, BUT DID NOT FINALIZE AND DISTRIBUTE THE POLICY TO SUPERVISORS.

DWM developed an overtime policy and implemented labor tracking codes in compliance with OBM's Citywide requirement. However, DWM did not,

- distribute the policy to supervisors;
- update tracking codes for BWS and BOD in the policy; and
- specify which positions in BWS and BOD were responsible for pre-authorizing overtime.

OBM reviewed and approved DWM's policy in April 2018, but DWM did not learn that its policy had been approved until OIG inquired. At that point, DWM had not updated or distributed the policy because it was unaware it had been approved. Although the Department had already implemented new labor tracking codes, without the policy, supervisors may have lacked a complete understanding of their bureaus' overtime processes, potentially leading to errors in approving or recording overtime. Regarding the lack of specificity concerning who could pre-authorize overtime, DWM stated that it intended the policy to be general because the various applicable CBAs add further overtime requirements to the mix.

RECOMMENDATIONS

1. DWM should update its overtime policy to reflect all current labor tracking codes and review its policy on a regular basis to ensure it reflects any changes in operations and procedures.
2. DWM management should distribute the policy and provide training to all supervisors and timekeepers responsible for approving and reviewing overtime. The Department should consider distributing the policy to all DWM employees and requiring supervisors to sign attestations that they have read the policy and understand they must follow it.
3. DWM should update its policy to cover specific operational considerations, such as identifying which supervisory positions are responsible for approving and reviewing overtime.

4. DWM should develop and implement a "defined method for [...] ensuring compliance" with the overtime policies, as required by the City-wide policy.

MANAGEMENT RESPONSE

1. *"DWM is in the process of reviewing the overtime policy to ensure that it reflects some of the operational procedures that have been revised and/or implemented in the last couple of years. This review will include some changes to the labor tracking codes.*
2. *"DWM will distribute the revised policy to all supervisors and timekeepers and complete sign off sheets.*
3. *"DWM's Division Heads are responsible for reviewing and approving overtime. This change was implemented last year and will be addressed in the policy.*
4. *"[DWM] will work on developing procedures to have supervisors randomly review call out lists and reports to ensure compliance and that foremen are following the department OT procedures. In addition, DWM now can get overtime information from Tableau [(i.e., interactive dashboards created by OBM)] that will allow for a review of trends or spikes in overtime. We will also review overtime annually during budget preparations."*

FINDING 2: DWM MANAGEMENT DID NOT FULLY UTILIZE AVAILABLE TOOLS TO MONITOR OVERTIME.

Although DWM collected detailed written and electronic overtime data via its labor tracking codes, it did not fully utilize available overtime management tools to identify operational deficiencies and spot potential patterns of overtime abuse.

1. Department-Wide Overtime Monitoring

OBM stated that, in Spring 2018, it created a set of interactive online dashboards to provide certain departments—including DWM—with more information about overtime usage.[11] OBM stated that it is the responsibility of each department to identify the appropriate individuals who should receive access. The dashboards used data from the City's payroll system to populate a variety of customizable reports, including year-to-date breakdowns of individual overtime earnings and historical comparisons of overtime hours against weather trends. However, because the information is delayed by at least a month to capture payroll adjustments, the dashboards cannot be used for immediate operational adjustments.

Of the five DWM employees with access to the dashboards, most were unfamiliar with or misunderstood their contents. Some were not even aware they had access. It follows that management was not taking full advantage of a tool capable of informing Department-wide staffing adjustments.

2. Bureau-Level Overtime Monitoring

BWS and BOD management both identified the need for bureau-specific tools to track up-to-date overtime data on a more immediate basis, but only BOD had successfully implemented such a tool. BOD successfully modified its inventory system (Infor EAM) to track top overtime earners by trade, location, and the type of overtime.[12] The system could chart several months of overtime costs by location and trade. BWS attempted to implement similar internal reporting but was unsuccessful due to technological and network constraints. Instead, BWS relied on periodic reports from DWM payroll, an approach that did not allow for real-time monitoring.

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[11] The overtime dashboard was an expansion of a pre-existing absenteeism dashboard used by senior management

[12] BOD chose to modify this system because it could easily add labor codes to its pre-existing work order functionality. The inventory tracking system produced overtime reports from preliminary overtime estimates based on pay rate and number of hours worked. Adjustments during the payroll process could result in different final overtime amounts.

Not all supervisors with direct responsibility for overtime had access to their bureau's overtime reporting tools. For example, BWS senior management did not share monitoring reports with chief operating engineers, who are responsible for monitoring overtime. BOD General District Superintendents did not receive reports from or have access to the bureau's monitoring tool. As a result, supervisors lacked a global perspective on overtime across their districts.

BOD and BWS made some operational adjustments to reduce the need for overtime. For instance, during our audit, BOD began training multiple crews to work in the Central Business District,[13] and BWS began reviewing mandatory staffing levels. Strategic additional use of overtime monitoring reports could help the bureaus identify opportunities for further adjustments.

RECOMMENDATIONS

5. DWM should use overtime monitoring reports to inform operational decisions at both the department and bureau levels. Specifically, DWM should,
    a. familiarize itself with OBM's dashboards and meet with OBM as needed to determine how to use the dashboards to monitor overtime Department-wide;
    b. determine which employees currently have access to the dashboards and identify any others who should be given access; and
    c. train those employees on how to use the dashboards to obtain information and use it to adjust DWM operations.
6. At the bureau level, BWS should continue to develop internal reporting tools that provide a more immediate view of overtime.
7. DWM should ensure that all supervisors who are responsible for overtime have access to the applicable bureau overtime monitoring and reporting tools.

MANAGEMENT RESPONSE

5. *"DWM now has the ability to get overtime data from Tableau, however, this information has only recently been updated in Tableau and had not been prior to or during the audit. We have had some of the managers trained on the dashboards and are in the process of coordinating training with OBM for anyone recently added. Please note that licenses are limited and therefore, not everyone reviewing overtime will have access. In addition, there are no*

[13] DWM management told OIG that, in the past, only one crew worked in the Central Business District, resulting in much higher overtime for its members.

limitations in place to distinguish between time and attendance and other data in Tableau, therefore the department will not be requesting access for many people for control and confidentiality of information.

6. *"All bureaus have the ability to request overtime records from the Payroll Division to monitor their overtime. Doing so will allow us to spot trends or spikes in the amount of overtime in a given pay period.*
7. *"Supervisors responsible for overtime approval will have access to internal overtime reports to help them manage overtime for their divisions. As for Tableau, end user departments are limited to the number of people that can have a license to Tableau. DWM is currently reviewing the list to identify which users to add or delete. In addition, once a user has access, they can access other data not related to overtime, therefore, we need to be sure there are controls in place."*

FINDING 3: DWM DID NOT ENSURE OVERTIME WAS OFFERED IN A MANNER CONSISTENT WITH ESTABLISHED PRACTICES AND COMPLIANT WITH CBAS.

Overtime "call-out" processes should ensure that supervisors offer employees the opportunity to work overtime in a specific order based on rules defined by each trade and/or location. At DWM, however, these processes were often unwritten, complex, and difficult to follow. Furthermore, results were recorded inconsistently. One supervisor stated that they relied solely on memory to determine which employee to offer overtime.

OIG was unable to assess whether DWM distributed overtime to employees in the correct order because documentation of past call-outs,

- did not exist or was not retained;
- was inconsistent or the product of inconsistent processes;
- did not include all offers of overtime, the date and time of phone calls making the offers, or the order in which employees were called;
- did not include type of work, employee leave status, work schedule, or other information pertinent to determining the call-out order; and/or
- did not indicate whether offered overtime was accepted or rejected.

Having discovered these issues, while OIG reviewed the limited documentation, we also interviewed front-line staff in BWS and BOD to identify concerns and potential abuse. We identified several problems, described below.

1. DWM central and bureau management were not aware of all overtime call-out processes and did not standardize processes for similar positions.

OIG identified 15 unique call-out processes used in BWS and BOD. Of the five processes used in BOD, bureau management was aware of only three. The 15 processes covered only a few trades, and—in the case of BOD—only at certain locations. There could be many other overtime processes that we did not identify. Even within trades covered by the same CBA, the process and documentation supervisors used to track the overtime call-out process differed by location. For example, operating engineers at the Jardine Water Purification Plant followed a different overtime call-out process than those at the Sawyer Plant.

2. DWM did not consistently document overtime call-out procedures.

Documenting call-out procedures is important because the format, process, and responsibility for overtime call-outs varies widely depending on the supervisor, trade, and work location. At DWM, some call-out lists were on standardized forms, some entirely handwritten; some employees were called in order based on seniority, some ranked in an "opportunity" system; and some, but not all, lists included annotations indicating when an employee was called, whether they refused or accepted the offer, and how many hours of overtime they worked.

Only 5 of the 15 call-out processes OIG identified were documented. Without documented procedures, employees are reliant on oral explanations, which may be inconsistent or unclear, and new managers may inadvertently offer overtime to the wrong employees. For example, two newer DWM supervisors stated that they received little to no training from their predecessors on the overtime process. Central management stated that front-line employees, as opposed to managers, know their respective overtime rules "better than anybody."

Some unions have independently distributed memos to supervisors and staff on union letterhead describing DWM overtime processes. OIG received two union memos from supervisors, who stated that they referred to the memos for guidance. For its part, DWM management stated that these memos were not authorized by the Department and that any supervisor implementing them could face disciplinary action.

3. Overtime call-out processes lacked transparency.

A lack of transparency may strengthen employees' perception that the DWM overtime process is unfair, which may, in turn, negatively affect morale and trigger grievances. In BOD and BWS, overtime was not handled in a transparent manner; as the Department does not have a policy requiring the posting of call-out lists, the lists were inconsistently used, posted, and updated. For example, a DWM employee stated that the call-out list was kept in their supervisor's office rather than posted. A supervisor stated that call-out lists may not have always been posted, and that, even when they were, the trade foremen may not have regularly updated them. Another supervisor stated that they did not use a list, but rather relied solely on their memory of who was next in line to be offered overtime.

Some CBAs expressly require posting call-out lists. Certain trades, such as operating engineers in BWS at Jardine; have a union representative who monitors the list to ensure that supervisors are using it correctly. However, even though they are in the same trade, operating engineers at Sawyer do not have a similar system

4. DWM did not consistently retain historical overtime call-out lists.

Depending on the supervisor, DWM might have retained call-out lists for an amount of time ranging from a period of weeks up to seven years. While Department management stated it follows the City's records retention policies, it expressed uncertainty regarding the handling of call-out lists and documentation. Moreover, there are no departmental policies to ensure consistent recordkeeping. This may constitute a violation of the Illinois Local Records Act (50 ILCS 205).

If a DWM employee believes that overtime has been distributed unfairly, they may file a grievance with their union and the Department. Lack of documentation, however, can stymie investigations of abuse. For example, DWM stated that, during a grievance investigation in 2018, it could not determine which employee should have been offered a particular overtime opportunity because it could not find the relevant call-out list.

Relying on grievances—rather than proactive overtime monitoring—to identify supervisory mistakes or abuse is not the optimal approach. BOD management acknowledged that there were issues in the past with overtime distribution, and a general district superintendent stated that employees were reluctant to file grievances for fear of retaliation. But management further noted a recent increase in grievances, which they attributed to employees feeling more comfortable following the change of central management in Summer 2017.

RECOMMENDATIONS

8. DWM should require bureau management to identify and catalog all overtime processes. In doing so, DWM should identify overtime processes that may benefit from streamlining or consolidation. For example, rather than three processes at three locations for the same trade title, DWM should determine whether there should be a single process. Although the Department management retains the right to set practices and processes for its operations, it should consider discussing potential changes with relevant union representatives.
9. DWM should ensure that each overtime process is thoroughly documented and instruct supervisors to provide the process documentation to employees upon request. To promote accountability, DWM should consider requiring each supervisor responsible for managing overtime to sign an attestation that they have reviewed and understood the call-out and other relevant processes.
10. Although only certain CBAs specifically require posting overtime call-out lists, DWM should require all trades to post lists to increase transparency and reduce unnecessary complaints.

11. DWM should draft and implement document retention policies to ensure that it adheres to the Local Records Act.

MANAGEMENT RESPONSE

8. *"DWM has revised some of its call out procedures and approval processes related to overtime so that they are more uniform throughout the department. We are currently in the process of determining if these would fall under the policy or a directive and referenced in the OT policy.*
9. *"In its review of the overtime policy, DWM will ensure that a review of the call-out procedures is completed to determine if to include in the policy or a separate operating procedure and referenced in the OT policy.*
10. *"DWM directed all of the bureaus to post their overtime rotation lists so that all employees have the ability to see their respective trades' list. All districts have been following this directive since early last year.*
11. *"DWM tasked its Manager of Audit and Internal Controls to review and update retention schedules for documents throughout the department. We are working closely with Law and other agencies to be in compliance as well as conduct a regular review of document retention."*

FINDING 4: DWM SHOULD IMPROVE THE CONSISTENCY AND TRANSPARENCY OF THE TRANSFER PROCESS, WHICH ALLOWS EMPLOYEES TO MOVE TO POTENTIALLY HIGH-OVERTIME POSITIONS.

Once a year, DWM offers employees the opportunity to request transfers to other crew assignments, locations, or shifts. There are a variety of reasons an employee might want to transfer. For example, they may want to work at a location closer to home, prefer different shift hours, or want a position that provides more opportunities for overtime.[14] DWM management stated that overtime grievances often cite crew assignment as an impediment to receiving overtime.

OIG reviewed a targeted sample of 29 of BOD's 2017 construction laborer transfer requests[15] to determine whether the existing documentation met CBA and DWM policy requirements.

- Six transfer request forms had a different employee start date than that recorded in the City's human resources system. The CBA governing construction laborers requires offering the opportunity to transfer to the most senior employees first.[16] Discrepancies between these dates could lead DWM to grant transfers to employees with less seniority. DWM stated that employees may have erred when transcribing the information.[17]
- Five employees did not document their refusal in an official letter, as required by BOD. Instead, DWM documented the refusal with a handwritten note on the request form.

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[14] DWM management told OIG that, in the past, only one crew worked in the Central Business District, resulting in much higher overtime for its members

[15] The total number of transfer requests submitted is unknown, because there is no tracking system and only hard copies of the requests exist OIG limited our review to construction laborers requesting assignment transfers to investigation trucks or leak crews because DWM stated that construction laborers made up approximately 90% of requests

[16] Based on the CBA, seniority could be determined by time and title, or time and union affiliation (time in the union) See *Collective Bargaining Agreement Between Locals 1001, 1092 and 76 of the Laborers International Unions of North America and the City of Chicago*, effective July 1, 2007 through June 30, 2017, and *Collective Bargaining Agreement Between LiUNA! County, Municipal Employees', Supervisors' and Foremen's Union Local 1001, Water Pipe Extension, Bureau of Engineering Laborers' Local 1092, and the City of Chicago* effective July 1, 2017 through June 30, 2022

[17] Seniority dates are transcribed onto the request form by a DWM employee using the Department of Human Resources database

- One transfer resulted in an employee being selected over two employees with more seniority. Although this transfer may have been offered appropriately, DWM cannot easily demonstrate this, because it did not document, or did not maintain documentation for, these requests.

Options exist for DWM to provide clarity and ensure consistency in transfer request procedures. For instance,

- Some supervisors carefully review transfer request forms for accuracy, while others review them only upon the employee's request. This disparity is important because an administrator discards incorrect transfer request forms without notifying the requestors.
- The transfer request form does not identify which shifts and assignments are applicable to each district. As a result, employees may waste time submitting invalid requests.
- The transfer request form does not include the leak or sewer repair crews, which employees believe receive more overtime.[18] Instead, employees must rely on past practice to know that leaving the "assignment" field on the form blank indicates a preference for one of these crews. BOD management stated that leak and sewer repair crews are not listed on the form because they are not union-bidded positions, and because the personnel assigned to those crews constantly change.

RECOMMENDATIONS

12. DWM should retain documentation for all accepted and refused transfers, and ensure that the position start date on transfer requests matches the information in the City's human resources system.
13. DWM should update the transfer request form, or create a supplemental document, to provide detailed instructions for employees submitting requests. For example, DWM should include instructions on how to indicate a preference for a location without regard to a particular crew assignment. These instructions should also include a list of available assignments and shifts within each district.

MANAGEMENT RESPONSE

12 *"The department receives hundreds of transfer request forms during each transfer period. Each bureau is provided a seniority report and the respective*

[18] OIG was unable to verify this due to data limitations

liaison can use the start present position date from the report for the transfer form.

13. *"DWM will review and update its transfer request form so that the instructions are clear on which assignments/locations employees can select."*

IV. OBJECTIVE, SCOPE, AND METHODOLOGY

A. OBJECTIVE

The objectives of the audit were to determine if DWM effectively monitored overtime to prevent waste and abuse. This included determining whether DWM,

- consistently applied policies for authorizing and approving overtime;
- offered overtime to employees in a manner consistent with established practices and compliant with collective bargaining agreements (CBAs);
- implemented strategies for mitigating excessive overtime; and
- ensured that the crew transfer process adhered to Department policy and CBA requirements.

B. SCOPE

This audit focused on how DWM monitors overtime in BOD and BWS, and the various processes for offering overtime to employees. Our audit did not examine overtime monitoring or distribution in the Bureaus of Administrative Support, Engineering Services, or Meter Services.

We examined BOD's transfer process for construction laborers as it existed in 2017, which allowed employees to submit requests for crew assignments, locations, or shifts in which they may be able to earn more overtime.

We did not assess whether DWM used overtime efficiently. In addition, we did not assess the earning or use of compensatory time.

C. METHODOLOGY

To determine whether DWM had policies on overtime authorization and approval, we interviewed DWM and OBM management and reviewed both departments' written overtime policies.

To determine whether DWM offered overtime to employees in accordance with applicable CBAs and established practices, we interviewed 11 DWM employees responsible for monitoring overtime to understand the process and any variations in the call-out process according to trade and location. Due to numerous obstacles, we could not use call-out list documentation to assess whether overtime was distributed correctly We also interviewed 12 front-line staff members representing a range of titles, work locations, races, genders, and service time to understand their perception of the process, identify concerns or potential abuse, and discern other factors that

may influence overtime opportunities (e.g., crew assignment). We also reviewed CBAs and overtime guidance memos.

To determine whether DWM monitors overtime to implement strategies to mitigate excessive overtime, we interviewed BOD and BWS staff to understand how they collect overtime data. We also interviewed DWM and OBM personnel to assess the quality of data used in monitoring overtime, and interviewed district clerks and timekeepers on the overtime tracking codes and systems. Further, we collected examples of reports and documents that demonstrate overtime monitoring system capabilities (e.g., Infor EAM reports, overtime approval sheets, etc.). Using documentary and testimonial evidence, we compared BOD and BWS overtime data collection methods to Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government.

To determine whether DWM management implemented monitoring controls and conducted ongoing overtime monitoring, we interviewed BOD and BWS management about methods for monitoring overtime within the bureaus, including: cause of overtime; individuals and trades that earn the most overtime; locations that have the highest overtime; BOD crews that accrue the most overtime; and the roles of mid-level managers that oversee staff or crews accruing high overtime.

We also interviewed BOD and BWS management to understand how the bureaus monitor overtime and what, if any, corrective actions they take when they find issues. We then compared DWM's data and process to GAO's Standards for Internal Controls in Federal Government, specifically Principle 16— Perform Monitoring Activities.

To determine if transfers adhered to DWM policy and CBA requirements, we reviewed a targeted sample of 29 transfer requests for BOD construction laborers in 2017. The total number of submitted transfer requests is unknown because there is no tracking system for transfers and only hard copies exist. We limited our review to construction laborers requesting assignment transfers to investigation trucks or leak crews because DWM stated construction laborers account for 90% of transfers and these assignments typically receive higher overtime. We assessed whether BOD gave construction laborers the opportunity to transfer, whether they accepted or denied the transfer opportunity, and whether they were the most senior individuals requesting the specified assignment, location, and shift.

D. STANDARDS

We conducted this audit in accordance with generally accepted Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our

audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

E. AUTHORITY AND ROLE

The authority to perform this audit is established in the City of Chicago Municipal Code § 2-56-030 which states that OIG has the power and duty to review the programs of City government in order to identify any inefficiencies, waste, and potential for misconduct, and to promote economy, efficiency, effectiveness, and integrity in the administration of City programs and operations.

The role of OIG is to review City operations and make recommendations for improvement.

City management is responsible for establishing and maintaining processes to ensure that City programs operate economically, efficiently, effectively, and with integrity.

APPENDIX A: DWM COLLECTIVE BARGAINING AGREEMENTS

DWM employs individuals in many different trades including operating engineers, motor truck drivers, construction laborers, chemists, and painters. DWM is currently subject to 17 CBAs with the following bargaining units (BU):

1. BU 1,3,4,5 American Federation of State, County, and Municipal Employees (AFSCME) Council 31
2. BU 8 Teamsters Local 700
3. BU 12 Operating Engineers Local 399
4. BU 14 Pipefitters Local 597
5. BU 16 Plumbers Local 130
6. BU 19 Operating Engineers Local 150 Deck Hands
7. BU 21 Masters Mates Pilots
8. BU 23 Firemen Oilers Service Employees International Union (SEIU) Local 1
9. BU 32 International Brotherhood of Electrical Workers (IBEW) Local 134
10. BU 33 Cement Masons Local 502
11. BU 36 Machinists Local 126
12. BU 39 Painters Local 14
13. BU 42 Operating Engineers Local 150 Heavy Equipment
14. BU 45 SEIU Local 73 Custodial Workers
15. BU 49 Bricklayers Local 21
16. BU 50 Carpenters District Council
17. BU 53, 54 Laborers Locals 1001, 1092

The full text of each CBA is available on the City's website at https://www.chicago.gov/city/en/depts/dol/supp_info/city_of_chicago_collectivebargainingagreements.html.

MISSION

The City of Chicago Office of Inspector General (OIG) is an independent, nonpartisan oversight agency whose mission is to promote economy, efficiency, effectiveness, and integrity in the administration of programs and operations of City government. OIG achieves this mission through,

- administrative and criminal investigations by its Investigations Section;
- performance audits of City programs and operations by its Audit and Program Review Section;
- inspections, evaluations and reviews of City police and police accountability programs, operations, and policies by its Public Safety Section; and
- compliance audit and monitoring of City hiring and employment activities by its Hiring Oversight Unit.

From these activities, OIG issues reports of findings and disciplinary and other recommendations,

- to assure that City officials, employees, and vendors are held accountable for violations of laws and policies;
- to improve the efficiency and cost-effectiveness of government operations; and
- to prevent, detect, identify, expose, and eliminate waste, inefficiency, misconduct, fraud, corruption, and abuse of public authority and resources.

AUTHORITY

OIG's authority to produce reports of its findings and recommendations is established in the City of Chicago Municipal Code §§ 2-56-030(d), -035(c), -110, -230, and 240.

Cover image courtesy of the Department of Assets, Information and Services.

AUDIT TEAM
CLAIRE KRUSCHKE, SENIOR PERFORMANCE ANALYST
DARWYN JONES, CHIEF PERFORMANCE ANALYST
LISE VALENTINE, DEPUTY INSPECTOR GENERAL

PUBLIC INQUIRIES
NATALIE A. KURIATA: (773) 478-8417 | NKURIATA@IGCHICAGO.ORG

TO SUGGEST WAYS TO IMPROVE CITY GOVERNMENT, VISIT:
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