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FEBRUARY 25, 2021

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

The City of Chicago Office of Inspector General (OIG) has completed a follow-up to its March 2020 audit of the Department of Water Management's (DWM) overtime monitoring. Based on the Department's responses, OIG concludes that DWM has fully implemented 7 of 13 corrective actions related to the audit findings, substantially implemented 3, and partially implemented 3.

The purpose of the 2020 audit was to determine if DWM effectively monitored overtime to prevent waste and abuse. Our audit found 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 collective bargaining agreements (CBAs) and established practices because it was unaware of the full range of overtime processes in use across the Department, did not provide robust oversight, and did not consistently retain overtime records.

Based on the results of the audit, OIG recommended 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. We also recommended that the Department 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. Lastly, we recommended that DWM take steps to improve the consistency, transparency, and

fairness of the overtime process by identifying, documenting, and standardizing overtime call-out processes; ensuring overtime records are properly retained; and updating transfer documentation. In its response to the audit, DWM described corrective actions it would take.

In October 2020, OIG inquired about the status of corrective actions taken by DWM, and followed up again with the Department as it took further corrective action in December 2020 and January 2021. OIG concludes that DWM has made progress on the audit's recommendations, fully implementing over half of them and substantially or partially implementing the rest. Specifically, DWM has updated and begun distributing its overtime policy; begun operationalizing a new overtime reporting tool; standardized some overtime call-out processes; and made improvements to its transfer request form design, processing, and retention. Once fully implemented, OIG believes the corrective actions reported by DWM may reasonably be expected to resolve the core findings noted in the audit. We urge the Department to distribute its revised overtime policy to all employees; fully catalog its various overtime call-

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out processes from beginning to end, in order to streamline or consolidate such processes; complete its update of document retention policies; and provide additional guidance to employees on the transfer request process as needed. Below, we summarize our four audit findings and recommendations, as well as the Department's response to our follow-up inquiry.

We thank staff and leadership of DWM for their cooperation during the audit and responsiveness to our follow-up inquiries.

Joseph M. Ferguson Inspector General City of Chicago
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Respectfully,

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DWM OVERTIME MONITORING AUDIT FOLLOW-UP

FOLLOW-UP RESULTS

Between October 2020 and January 2021, OIG followed up on its March 2020 audit of DWM's overtime monitoring.¹ DWM responded by describing the corrective actions it has taken and providing supporting documentation. Below we summarize OIG's four findings, the associated recommendations, and the status of

DWM's corrective actions. Our follow-up inquiry did not observe or test implementation of the new procedures; thus, we make no determination as to their effectiveness, which would require a new audit with full testing.

DWM developed an overtime policy and FINDING 1: implemented labor tracking codes, but did not finalize and distribute the policy to supervisors.

OIG Recommendation 1:

OIG recommended that DWM 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.

Status of Corrective Action: Fully Implemented

DWM revised its overtime policy to include a complete list of labor tracking codes and to address new operational considerations, such as overtime due to COVID-19 and civil unrest incidents.

OIG Recommendation 2:

OIG recommended that DWM management distribute the policy and provide training to all supervisors and timekeepers responsible for approving and reviewing overtime. We also recommended that the Department 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.

Status of Corrective Action: Substantially Implemented

DWM stated that it began distributing an updated overtime policy to employees in November and December 2020. It made additional adjustments to the policy during the course of this follow-up. DWM stated that the finalized policy is now being distributed and implemented, along with an attestation sheet, and that it will provide training on the policy as needed.

¹ The 2020 audit report is available on OIG's website: <<https://iKchicago.org/2020/03/25/department-of-water->management-overtime-monitoring-audit/>>.

OIG Recommendation 3:

OIG recommended that DWM update its policy to cover specific operational considerations, such as identifying which supervisory positions are responsible for

approving and reviewing overtime.

Status of Corrective Action: Fully Implemented

DWM's revised overtime policy specifies titles responsible for reviewing and approving overtime, as well as posting and checking overtime call-out lists. The policy also provides more detail on these responsibilities and covers a wider range of operational scenarios.

OIG Recommendation 4:

OIG recommended that DWM develop and implement a "defined method for [...] ensuring compliance" with the overtime policies, as required by the Citywide policy.

Status of Corrective Action: Substantially Implemented

DWM added specific responsibilities to its policy requiring supervisors to post and update overtime call-out lists and division heads to monitor compliance and accuracy. The Department stated that it discussed the new requirements with these individuals in May 2020. However, as noted under Recommendation 8, we still recommend that the Department document specific call-out procedures related to CBA requirements.

The Department has also begun using regular reports to monitor overtime, prepare its overtime budget, and make operational adjustments. Using these reports, generated in the data visualization software called Tableau, DWM determined that its overtime expenses for the first 11 months of 2020 were down compared to the same period in 2019, even considering new costs related to COVID-19 and civil unrest incidents.

DWM management did not fully utilize available tools to monitor overtime.

OIG Recommendation 5:

OIG recommended that DWM use overtime monitoring reports to inform operational decisions at both the department and bureau levels. Specifically, OIG recommended that DWM,

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- A. familiarize itself with the Office of Budget and Management's (OBM) 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.

Status of Corrective Action: Fully Implemented

DWM identified seven employees with access to the Tableau reports described above, each of whom had been trained by OBM. Because of the cost of licensing, instead of providing Tableau access to more employees, DWM holds monthly meetings where it shares these reports with relevant supervisors and discusses operational adjustments. Those with access can also print information from Tableau and share it with others. While the reports lag the clocking of overtime by about thirty days, DWM stated that this is an improvement over its previous capabilities.

OIG Recommendation 6:

OIG recommended that DWM's Bureau of Water Supply continue to develop internal reporting tools that provide a more immediate view of overtime.

Status of Corrective Action: Fully Implemented

With the improvement in Tableau reporting described above, DWM primarily relies upon Tableau instead of bureau-specific reporting tools.

OIG Recommendation 7:

OIG recommended that DWM ensure that all supervisors who are responsible for overtime have access to the applicable bureau overtime monitoring and reporting tools.

Status of Corrective Action: Fully Implemented

As described above, DWM now monitors overtime through its Tableau reports and monthly meetings.

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DWM did not ensure overtime was offered in a FINDING 3: manner consistent with established practices and compliant with CBAs.

OIG Recommendation 8:

OIG recommended that DWM require bureau management to identify and catalog all overtime processes. We suggested that, in doing so, DWM 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 Department management retains the right to set practices and processes for its operations, OIG recommended that DWM consider discussing potential changes with relevant union representatives.

Status of Corrective Action: Partially Implemented

DWM stated that it spoke with representatives from approximately 15 of its affected trades and gathered information about how each supervisor performed call-out procedures. DWM documented the procedures used to call its hoisting engineers for overtime opportunities. These procedures specify which employees are offered overtime and how the offers and employees' responses are recorded. However, DWM did not document or catalog the procedures used by other trades.

While DWM standardized some processes related to how call-out lists are posted and stored, it did not streamline or consolidate the variety of procedures that specifically relate to completing call-out lists. The new policy asserts that foremen or supervisors will "record dates and times employees were called," but generically states that "[a] 11 call-out procedures must follow the CBA for each trade." OIG's 2020 audit found that such procedures were "often unwritten, complex, or difficult to follow," and were not consistently recorded. Specifically,

[...] [S]ome 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.

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Without documenting the various overtime selection and documentation procedures, DWM cannot ensure that overtime was offered in a manner consistent with established practices and compliant with CBAs. Rather, the Department places the onus on its employees to monitor these lists and police them for compliance.

OIG Recommendation 9:

OIG recommended that DWM ensure that each overtime process is thoroughly documented and instruct supervisors to provide the process documentation to employees upon request. To promote accountability, OIG recommended that DWM consider requiring each supervisor responsible for managing overtime to sign an attestation that they have reviewed and understood the call-out procedures and other relevant processes.

Status of Corrective Action: Partially Implemented

As described above, DWM stated that it met with representatives from affected trades, revised its overtime policy to standardize the posting and storage of overtime call-out lists, and documented its call-out procedures for hoisting engineers. However, DWM did not document the actual call-out procedures-such as determining which employees are offered overtime and how these offers and the employees' responses are recorded-utilized across DWM's locations and trades. The Department's policy states: "All call-out procedures must follow the CBA for each trade." While the CBAs may describe requirements, they do not explain the procedures necessary to meet those requirements.

OIG Recommendation 10:

OIG recommended that DWM require all trades to post call-out lists to increase transparency and reduce unnecessary complaints.

Status of Corrective Action: Fully Implemented

DWM's revised overtime policy requires supervisors to post overtime call-out lists "for all employees to view," update these lists weekly, and store them for a period of two years. The policy also charges bureau management with the responsibility to perform random checks to ensure these requirements are met. DWM stated that it communicated this procedure in meetings with bureau leadership.

OIG Recommendation 11:

OIG recommended that DWM draft and implement document retention policies to ensure compliance with the Local Records Act.

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Status of Corrective Action: Partially Implemented

DWM stated that while it does have a document retention policy, the policy is out of date. The Department is updating the policy to include current forms. DWM warned that this task-which is assigned to DWM's manager of audit and internal controls and an attorney-is a large undertaking, and is expected to take some time. DWM's updated

overtime policy requires DWM to store overtime call-out lists for a period of two years.

DWM should improve the consistency and transparency of the transfer process, which allows employees to move to potentially high-overtime positions.

OIG Recommendation 12:

OIG recommended that DWM 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.

Status of Corrective Action: Fully Implemented

DWM has developed procedures to ensure retention of transfer documentation, including maintaining originals in the personnel office and providing copies to the employee and the relevant deputy commissioner's office. In addition, DWM stated that it retains records of each transfer request, offer letter, and acceptance or refusal in accordance with its document retention schedule. Regarding position start dates, DWM uses seniority reports to verify dates on transfer requests.

OIG Recommendation 13:

OIG recommended that DWM 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.

Status of Corrective Action: Substantially Implemented

DWM updated its transfer request forms in June 2020. Rather than providing detailed instructions, DWM replaced the write-in format with a

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choose-from-options format listing available assignments, locations, and shifts, potentially reducing confusion and errors.

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- 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 human resources activities and issues of equity, inclusion and diversity by its Diversity, Equity, Inclusion, and Compliance Section.

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