

Overtime Audit

Overtime Audits and Analyses

1) KPMG audit

Reviewed OT policies/procedures, focusing on 5 highest OT earners in 2014 and 2015

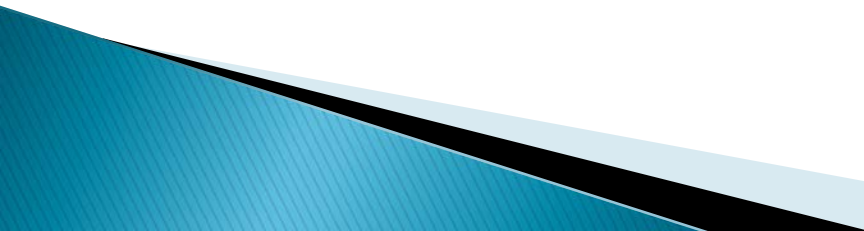
2) Implemented Interim Improvements

3) Internal Audit

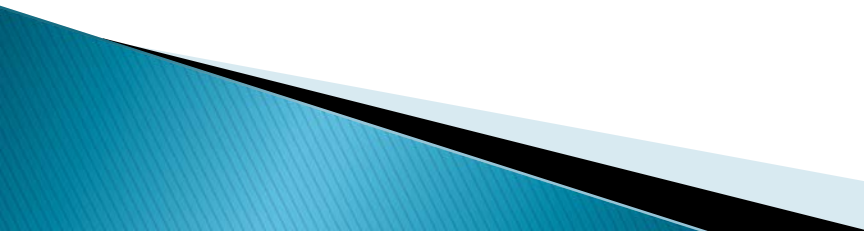
Reviewing OT policies/procedures across the MBTA



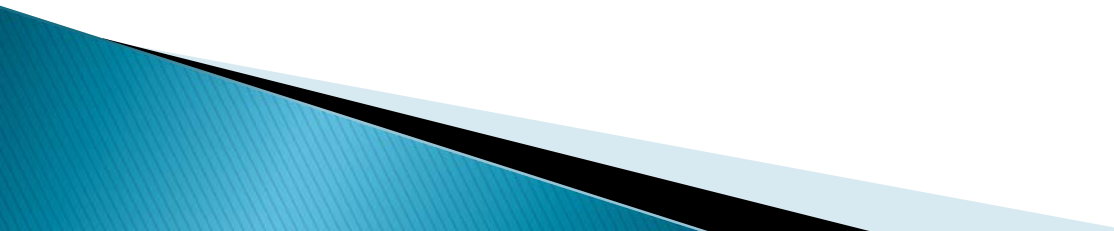
KPMG Review

- Reviewed OT records for top five OT earners in 2015 and 2014, as well as reports from the MBTA's timekeeping system (TKS). All employees were in Engineering & Maintenance – Power and Maintenance of Way.
 - Met with most of the identified employees and their supervisors to document OT authorization, approval and payment processes.
 - Met with the E&M payroll clerks who are responsible for processing OT logs and submitting the information to TKS for payment.
- 

KPMG Preliminary Findings

- ▶ **Substandard OT policies and procedures.** Pervasive in the E&M departments at issue. Policies and procedures are not well documented and vary from division to division, and from union to union. OT documentation substandard and supervisory approval often missing.
 - ▶ **No standard system for requesting, approving or documenting OT.**
 - ▶ **Management Vacancies.** Large number of vacancies at the supervisor and above levels cause significant oversight issues.
 - ▶ **Substandard Workflow Management.** Insufficient tools for scheduling work and tracking OT use. OT assignment and tracking is decentralized and largely paper based. As a result, the system is prone to errors and scheduling is less efficient.
- 

Further Findings

- ▶ No evidence of illegitimate conduct uncovered to date.
 - ▶ High earners were largely senior employees (i.e. foreman) who took standard overtime “shifts” – i.e., nights or weekends.
 - ▶ Highest earner, from Maintenance of Way, retired January 31.
- 

Interim Implemented Improvements

- Operations/E&M has taken various steps over the past several months to limit unnecessary OT and better control and monitor OT use.

1) **Policies/procedures to better document and monitor OT usage and need:**

OT must now be approved in advance in writing at the Superintendent or above level.

E&M department directors/deputies now report weekly on authorized OT, including justifying the need for it, identifying who the OT was assigned to, which budget item the OT hit, etc.

Operations circulates a Monthly Expenses Report to the Operations Team, which includes OT usage for the month by each department.

Interim Implemented Improvements

2) Processes to monitor employee worktime/ensure OT accuracy

As it stands, some of E&M's employee reporting locations do not allow for hand scanning. E&M is purchasing 1–2 new hand scanners and approx. 64 replacement hand scanners (@ \$5,000 each; total cost approx. \$320,000) which will be tied into the Authority's payroll system.

Employees who report to locations where hand scanning is currently available have been reminded of their obligation to scan in and out each shift.

Supervisors have been instructed to review hand scan reports on a daily basis and to document daily field checks.

E&M created new weekly OT Time Sheets which require supervisors or above to sign off on the employee's reported OT, to ensure that the employee worked the hours he/she is reporting.

Interim Implemented Improvements

3) Reduce Unnecessary OT

Beginning last fall, MOW and Transit Facilities Maintenance changed their employee work selection process (the “pick”). This has reduced OT by allowing greater flexibility to schedule planned maintenance work for straight time shifts.

AFC implemented a new work schedule to provide more efficient coverage, which is expected to result in savings of \$3,000/week.

More Improvements / Next Steps

1. Evaluation is ongoing
 2. Written policies will be developed across MBTA operations
 3. Addressing the inability to recruit or retain managers in the E&M department
 4. Addressing insufficient tools for scheduling work and tracking OT use
- 