



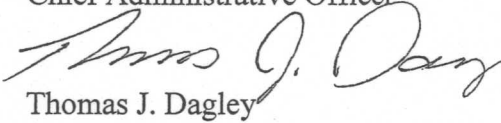
OFFICE OF INSPECTOR GENERAL

Thomas J. Dagley
Inspector General

MEMORANDUM

May 29, 2008

TO: Timothy L. Firestine
Chief Administrative Officer

FROM: 
Thomas J. Dagley
Inspector General

SUBJECT: MCG Overtime Compensation Audit

Over the past fifteen months, the Office of Inspector General (OIG) conducted a review of overtime compensation policies and procedures, and payroll timesheets of selected employees from the Fire and Rescue Service, Police, Correction and Rehabilitation, Public Works and Transportation, and Board of Elections. The first four departments are the largest users of overtime which exceeded \$45 million in calendar year 2007.

It became apparent during our review that management controls implemented to track overtime as an operational tool and for budgetary purposes were at the discretion of the department director. As a result, we found inconsistent controls across County organizations which were addressed in our three reports (April and December 2007; April 2008) or shared in memorandums to individual directors.

In our April 2007 interim report, a finding and the related recommendation focused on establishing formal responsibility for the oversight of timekeeping procedures used to approve and record overtime compensation. Management's response focused on use of the MCTime system and associated business process reengineering as a longer-term solution to this finding. In our April 2008 report, we reported that the status of corrective action for this finding was "pending."

Now that we have concluded our overtime compensation review and do not anticipate additional work in this area in the short-term, we believe it is important to emphasize our recommendation that leadership implement a County-wide policy requiring each department to track overtime workhours, including procedures for supervisors to justify and approve overtime.



Tim Firestine
Chief Administrative Officer
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In the May 9, 2008 CountyStat presentation on cross-departmental use of overtime, a key point regarding operational procedures is "All Departments should closely monitor overtime to ensure that Montgomery County residents receive the highest possible return on their tax-dollar investment." Another key point in the presentation is "Tracking overtime provides an opportunity to uncover operational inefficiencies and create actionable solutions."

Our review found that the overtime tracking systems developed by the Police Department and Correction and Rehabilitation are potential best practices to consider for application County-wide. Fire and Rescue Service is in the process of establishing a system. Relying on the use of project codes recorded on individual employee timesheets, these systems enable management to capture specific causes of overtime and understand the patterns and trends needed to develop meaningful budget requests.

We believe a County-wide policy that clarifies responsibility for the oversight of timekeeping procedures related to overtime compensation will reduce the potential for abuse, enhance internal controls, and help assure County taxpayers that the payment of premium wage rates are aligned with the principles of the County's Results-Based Budgeting.

We appreciate the cooperation extended to us throughout our review of overtime compensation.

cc: Mike Knapp, President, County Council
Duchy Trachtenberg, Chair, Management and Fiscal Policy Committee
Phil Andrews, Chair, Public Safety Committee
Kathleen Boucher, ACAO