

Legislation Text

File #: 2018-2188, **Version:** 1

Overtime Miscalculation (F&BC 8-6-18)

Issue/Request:

A payroll miscalculation relating to overtime hours resulted in approximately \$45,000 to \$50,000 overpayment over a three year period. The miscalculation started in 2015 and was detected and corrected earlier this year. The overpayment impacted 59 employees in six departments.

Key Issues:

By federal law, hourly employees must be compensated for time worked beyond their normal work schedule. Employees choose between extra pay or extra compensatory time with a 1.5 multiplier applied to the normal rate. Each employee has a cap on the number of compensatory hours that can be banked for future time off. When an employee reaches their comp time cap, overtime hours are then paid out at 1.5 times their base salary rate.

The miscalculation occurred when overtime hours were banked as comp time using the 1.5 multiplier, and then the 1.5 overtime pay rate was also applied when the hours were paid because of the employee hitting his comp time cap.

ACTIONS TAKEN

The payroll calculation process has been corrected to insure accuracy of overtime calculations. Those employees that were impacted at significant levels were notified of the overpayment and correction for future payrolls.

Staff will continue to analyze overtime usage. Staff is also examining options for possible reimbursement to the City.

Changes to the personnel policy manual and to overtime practices established by employee group negotiations will also be considered.

Proposed City Council Motion:

No further action is necessary by the Finance and Budget Committee or City Council.

Bette Wordelman, Deputy Finance Director

