



Capital District Transportation Authority

Management of Overtime

Report 2009-S-111



Thomas P. DiNapoli

Table of Contents

	Page
Authority Letter	5
Executive Summary	7
Introduction	9
Background	9
Audit Scope and Methodology	9
Authority	10
Reporting Requirements	10
Contributors to the Report	11
Audit Findings and Recommendations	13
Management of Overtime	13
Recommendations	15
Overtime Hours Actually Worked	16
Agency Comments	17

State of New York Office of the State Comptroller

Division of State Government Accountability

August 5, 2010

David M. Stackrow
Chairman
Capital District Transportation Authority
110 Watervliet Avenue
Albany, NY 12206

Dear Mr. Stackrow:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of Capital District Transportation Authority's Management of Overtime. This audit was performed pursuant to the State Comptroller's authority under Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*



State of New York Office of the State Comptroller

EXECUTIVE SUMMARY

Audit Objectives

The objectives of the audit were to determine if the Capital District Transportation Authority (CDTA) was effectively managing and monitoring its overtime costs and if overtime hours were actually worked.

Audit Results - Summary

CDTA has 650 employees and 290 buses delivering transit services to more than 800,000 people living and working in the Capital Region. For calendar year 2009, CDTA spent \$5.7 million in overtime. We found that CDTA management has effectively managed and monitored its overtime expenses, which decreased \$654,720 (10 percent) from calendar year 2008. We also determined that overtime hours were worked. However, we found some instances in the Maintenance Division where the overtime was not properly authorized.

Our report contains two recommendations. Capital District Transportation Authority officials agreed with our recommendations and have taken actions to implement them.

This report, dated August 5, 2010, is available on our website at: <http://www.osc.state.ny.us>.
Add or update your mailing list address by contacting us at: (518) 474-3271 or
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Introduction

Background

The Capital District Transportation Authority (CDTA) was created in 1970 as a public benefit corporation to provide regional transportation services by rail, bus, water and air. CDTA provides regular route bus service, shuttle systems and other transportation services in the Capital region. It also owns and operates the Rensselaer Rail and Saratoga Springs train stations, as well as the Northway Xpress Commuter Service between Saratoga County and downtown Albany. CDTA makes transit services available to more than 800,000 people living and working in the Capital Region. CDTA transports more than 45,000 customers each day, and operates with 650 employees, 290 buses and five facilities located in Albany, Troy, Schenectady, Rensselaer and Saratoga.

The largest business unit within CDTA is the Operations Department, which had about 605 employees in fiscal year 2009. The Operations Department, which includes the Transportation and Maintenance Divisions, is responsible for providing safe and reliable transportation to the public.

For calendar year 2009, CDTA spent \$5.7 million in overtime, a decrease of \$654,720 (10 percent) from calendar year 2008. The Operations Department was responsible for \$5.6 million (98 percent) of the overtime (\$4.3 million for the Transportation Division and \$1.3 million for the Maintenance Division). Overtime payments are made for (1) scheduled overtime, in which overtime is built into the employee's schedule as a part of the employee's routine work assignment (e.g., bus operations), and (2) unscheduled overtime, in which overtime is assigned as needed to cover employee absences or meet special needs. Of the \$4.3 million in overtime paid in the Transportation Division, \$2.5 million was scheduled and \$1.8 million was unscheduled. All of the \$1.3 million in overtime paid for Maintenance Division employees was for unscheduled overtime.

Audit Scope and Methodology

The objectives of the audit were to determine if CDTA was effectively managing and monitoring its overtime costs and if overtime hours were actually worked. Our audit period was from January 1, 2006 through April 7, 2010. To accomplish our audit objectives, we interviewed CDTA officials, reviewed applicable sections of Federal and State laws and regulations, and examined CDTA's relevant policies and procedures, including the union contract that covers bus operators and maintenance personnel.

We reviewed overtime charges for 73 Albany Maintenance Division employees earning overtime to ensure the overtime was properly authorized and documented. The 73 employees included 70 employees who earned overtime from January 24, 2010 to February 20, 2010 and 7 employees who earned high overtime in 2007-2009 (4 of the 7 were in both samples). The 73 sampled employees worked 2,335 overtime hours for a total of \$67,636. We also reviewed a judgmental sample of overtime charges for 16 (7 maintenance and 9 transportation) CDTA employees who were high overtime earners to verify that the overtime was worked. In addition, we conducted a floor check at the Albany Maintenance Division on March 24, 2010 to determine whether maintenance personnel were present and working.

We conducted our performance audit in accordance with generally accepted government auditing standards. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law.

A draft copy of this report was provided to CDTA officials for their review and comment. Their comments were considered in preparing this report, and are included at the end of the report.

Reporting Requirements

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Chairman of CDTA shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the

recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

**Contributors to
the Report**

Major contributors to this report were Frank Houston, Walter Irving, Joel Biederman, Scott Heid, Anne Marie Miller, Thierry Demoly, and Sue Gold.

Audit Findings and Recommendations

Management of Overtime

Management is responsible for identifying, controlling and reducing risks that can impede an organization from accomplishing its mission. In a period of economic downturn with a reduction in State funding, managing an organization's costs, including overtime, is essential. We found that CDTA management has effectively managed and monitored its overtime expenses to reduce its overtime costs and still maintain an appropriate level of service to the public.

CDTA has reduced the number of overtime hours worked in 2009 by 12 percent from the previous year, which resulted in a 10-percent reduction in overtime costs from \$6.38 million to \$5.73 million, a total savings of \$654,720. In 2009, CDTA implemented an attendance clause in the union contract, together with other performance incentives, to help reduce absenteeism. According to CDTA management, these incentive programs, along with the downturn in the economy (employment opportunities are not as prevalent), have allowed CDTA to maintain full staffing levels and, consequently, reduce the need for unscheduled overtime.

We did find some instances in the Maintenance Division where unscheduled overtime was not properly authorized. As a result, management lacks adequate assurance that this overtime was necessary.

Maintenance Division

The Maintenance Division is responsible for maintaining CDTA's 290 buses, of which 156 (54 percent) are at least 10 years old. Generally, maintenance foremen are responsible for managing and monitoring overtime work. Foremen will base the need for overtime on available staff and the schedule of work for the day. If not enough staff are scheduled to complete the necessary work, the foremen will ask mechanics to work overtime.

To authorize the overtime, foremen document the employee name, time on/off, and reason why overtime is needed on a Time Account and Overtime Tracking form (Tracking form), and then initial the entries for each employee. This form is used each week to capture all the overtime worked during the pay week.

To test the Maintenance Division's compliance with its overtime authorization process, we reviewed 202 time records for 73 maintenance

employees who were paid overtime. The sampled employees worked 2,335 overtime hours and received \$67,636 in overtime payments. Of the 202 time records, 9 were for 2 stockroom clerks and 193 were for 71 mechanics.

Of the nine time records for the stockroom clerks, we found that the related Tracking forms for seven did not indicate a reason for the overtime or have supervisory approval. The stockroom clerks accounted for 110 hours totaling \$3,283. The Director of Procurement, who oversees the stockroom operation, stated that the clerks' supervisors are aware of all overtime work and, therefore, she didn't find it necessary for them to sign off on the overtime.

We found that overtime was authorized for all of the 193 time records we reviewed for mechanics. However, for 19 of them there was specific information missing from the Tracking form, such as the times mechanics started or ended their overtime shifts. The Director of Maintenance is responsible for ensuring that all supervisors are aware of the importance of properly recording the authorized overtime, including documenting the hours worked. While the supervisors neglected to properly document these overtime instances on the Tracking form, we believe it was due to human error and not a systematic problem. However, we recommend CDTA Management reiterate to all supervisors the importance of documenting overtime hours authorized and worked.

Transportation Division

CDTA management is aware that a certain level of overtime is necessary to maintain service levels for the public. Management budgets for overtime in the Transportation Division at about four hours per bus operator per week.

Labor projections for both bus operators and maintenance personnel are determined by the level of service being provided. The union contract, which guarantees bus operators and maintenance personnel 40 work hours per week, also includes provisions for increased overtime. One such provision is that 60 percent of the bus runs must be straight runs (i.e., continually running throughout the day). The remaining runs can be split (e.g., four hours during the morning rush and four in the evening). The straight runs operate during both off-peak and peak times, thereby causing runs to exceed eight hours per day and scheduled overtime being worked by the bus operators.

According to the Deputy Director of Administration and Finance, CDTA has tried to reduce the straight-run percentage from 60 percent to

allow for more flexibility in the scheduling. However, the unions have not agreed to this. Therefore, CDTA cannot reduce the amount of its scheduled overtime.

According to CDTA officials, they have tried other methods to reduce overtime. For example, CDTA was having difficulties hiring and maintaining bus operators and mechanics in the late 1990s. This situation caused an increase in overtime as fewer employees were asked to maintain the same level of service. To address the shortage in bus operators, CDTA hired part-time drivers. However, according to CDTA officials, this did not alleviate the problem, as the part-time drivers would obtain their commercial driver's licenses through CDTA and then leave for full-time jobs with other organizations. In 2002, the Union contract was amended to eliminate the use of part-time bus operators.

To address the turnover issue and help reduce absenteeism, another cause of overtime, CDTA officials said that they implemented an attendance bonus clause in the union contract that was effective in June 2006. Operations Department employees who do not exceed one absence in a quarter receive a \$400 bonus, a potential \$1,600 in bonuses for the year. In addition, bus operators and certain maintenance personnel can reach the top of their wage rates in 18 months by reaching certain performance standards, one of which concerns attendance. Prior to the June 2006 agreement, bus operators took three years to reach their top wage rates. According to the Human Resources Director, the new union contract provisions and the downturn in the economy (employment opportunities are not as prevalent) have allowed CDTA to maintain full staffing levels.

The Deputy Executive Director of Administration and Finance added that overtime has traditionally been a large part of the transit industry and bus operators in particular rely on the ability to earn scheduled overtime. Eliminating scheduled overtime completely could result in bus operators leaving CDTA, thus forcing CDTA to pay unscheduled overtime to compensate for a shortage of bus operators.

- Recommendations**
1. Communicate to all supervisors the importance of properly completing the Time Account and Overtime Tracking form documenting the hours worked and their authorization of necessary overtime.
 2. Continue to work with the union to identify opportunities to further reduce overtime costs.

**Overtime Hours
Actually Worked**

Management and supervisors should ensure that all hours authorized are actually worked. To do this, the Maintenance Division uses an electronic time tracking system to monitor time and attendance. The same electronic system is also used to monitor employees' job performance. Each day, maintenance personnel sign in and out of work by swiping their ID cards into the kiosks located within the maintenance garages. Throughout the day, maintenance personnel also sign in and out of specific jobs given to them by their foremen. In the Transportation Division, supervisors conduct roll calls at various times throughout the day to determine available operators, including regular and extra operators.

To determine whether overtime hours were actually worked, we judgmentally selected a sample of 16 instances of overtime totaling \$19,882 relating to 4 pay periods in 2009; 4 in 2008; 6 in 2007; and 2 in 2006. The 16 employees worked in the Transportation and Maintenance Divisions (7 maintenance employees, 6 bus operators, and 3 transportation supervisors). We examined time records and other supporting documentation and concluded that in all instances the overtime hours were worked.

In addition, we conducted a floor check on March 24, 2010 at the Albany Maintenance garage to observe whether employees, working both straight time and overtime, were actually present and working. During the floor check, we found all 53 maintenance employees, including 5 on overtime, were present and working.

Agency Comments



Carm Basile
Chief Executive Officer
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July 19, 2010

Mr. Frank J. Houston, Audit Director
Office of the State Comptroller
Division of State Government Accountability
123 Williams Street
New York, New York 10038

Dear Mr. Houston:

Thank you for providing the draft audit report concerning CDTA's Management of Overtime. I am responding on behalf of Mr. Stackrow (former Chair), Denise Figueroa (current Chair) and the entire Board of Directors. I apologize for the delay in this response, but we just received the draft audit report today. Apparently, the email containing the report was lost in cyberspace.

We appreciate the overall finding that we are effectively managing and monitoring overtime expenses. We have corrected how we document overtime in our Albany Division maintenance unit. This has insured proper documentation of overtime hours worked as the audit suggests. We are also continuing discussions with the Amalgamated Transit Union (ATU) regarding the need to reduce straight run percentages. This is a matter for collective bargaining, and we will continue to make it a topic of discussion.

We did note three minor facts which should be corrected in the draft report:

- Change June 2009 to June 2006 on page 15, third paragraph, first line.
- Change June 2009 to June 2006 on page 15, third paragraph, fourth line.
- Change the number three to five on page 15, third paragraph, fourth line.

We appreciate the effort of the audit team assigned to this work. They were professional, cooperative and helpful.

Cordially,

Carm Basile
Chief Executive Officer

Copy: Denise A. Figueroa, Chairwoman, CDTA
David M. Stackrow, Immediate Past Chairman, CDTA
Mike Collins, Deputy Executive Director of Administration & Finance

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- * The final report has been revised based on comments provided by agency officials.