



**Sun Metro Overtime
2nd Follow-Up Audit
A2021-07**

Issued by the
Internal Audit Office
August 25, 2021

**City of El Paso
Internal Audit Office
Sun Metro Overtime 2nd Follow – Up Audit A2021-07**

EXECUTIVE SUMMARY

The Internal Audit Office conducted a 2nd Follow-Up Audit of the Sun Metro Overtime Audit Report dated October 2, 2017. The original Audit Report contained two findings. The 1st Follow-Up Audit, completed on January 30, 2019, identified that the original Findings #1 and #2 had not been fully implemented. Upon completion of the 2nd Follow-Up Audit, we have determined the status of the recommendations for each section of the audit findings as outlined in the table below:

| Finding No. | Description of Original Findings / Status | | | | | | | | | | | | | | | | | | | | |
|--|--|---|---|--|-------------|--|-------------|--|---|---|-------------|---|---|---|-------------|--|-------------|--|-------------|---|-------------|
| 1 | Sun Metro is not properly monitoring overtime. A review of the top 25 overtime earners for the three pay periods from January 8, 2017 to February 18, 2017 identified the following: | | | | | | | | | | | | | | | | | | | | |
| | <table border="1" style="width: 100%;"> <tr> <td style="width: 70%;">Transit Operators worked more than 24 hours of overtime per pay period.</td> <td style="width: 30%;">In Progress Management will assume the risk.</td> </tr> <tr> <td>Transit Operators swiped in more than 3 minutes before their shift begins.</td> <td>Implemented</td> </tr> <tr> <td>Transit Operators swiped out more than 5 minutes after the end of their shift.</td> <td>Implemented</td> </tr> <tr> <td>Transit Operators worked more than 15 hours per day.</td> <td>In Progress Management will assume the risk.</td> </tr> <tr> <td>Transit Operators worked overtime without prior approval.</td> <td>Implemented</td> </tr> <tr> <td>Transit Operators worked 10 or more hours without 8 consecutive hours off duty.</td> <td>In Progress Management will assume the risk.</td> </tr> <tr> <td>Transit Operators worked split shifts without swiping out between shifts.</td> <td>Implemented</td> </tr> <tr> <td>Transit Supervisors are not reviewing excess overtime on timecards per Sun Metro's Policies.</td> <td>Implemented</td> </tr> <tr> <td>Three (3) Transit Operators worked more than 7 consecutive days without a day off for two pay periods.</td> <td>Implemented</td> </tr> <tr> <td>Overtime policy violations are not documented by Transit Supervisors.</td> <td>Implemented</td> </tr> </table> | Transit Operators worked more than 24 hours of overtime per pay period. | In Progress Management will assume the risk. | Transit Operators swiped in more than 3 minutes before their shift begins. | Implemented | Transit Operators swiped out more than 5 minutes after the end of their shift. | Implemented | Transit Operators worked more than 15 hours per day. | In Progress Management will assume the risk. | Transit Operators worked overtime without prior approval. | Implemented | Transit Operators worked 10 or more hours without 8 consecutive hours off duty. | In Progress Management will assume the risk. | Transit Operators worked split shifts without swiping out between shifts. | Implemented | Transit Supervisors are not reviewing excess overtime on timecards per Sun Metro's Policies. | Implemented | Three (3) Transit Operators worked more than 7 consecutive days without a day off for two pay periods. | Implemented | Overtime policy violations are not documented by Transit Supervisors. | Implemented |
| | Transit Operators worked more than 24 hours of overtime per pay period. | In Progress Management will assume the risk. | | | | | | | | | | | | | | | | | | | |
| | Transit Operators swiped in more than 3 minutes before their shift begins. | Implemented | | | | | | | | | | | | | | | | | | | |
| | Transit Operators swiped out more than 5 minutes after the end of their shift. | Implemented | | | | | | | | | | | | | | | | | | | |
| | Transit Operators worked more than 15 hours per day. | In Progress Management will assume the risk. | | | | | | | | | | | | | | | | | | | |
| | Transit Operators worked overtime without prior approval. | Implemented | | | | | | | | | | | | | | | | | | | |
| | Transit Operators worked 10 or more hours without 8 consecutive hours off duty. | In Progress Management will assume the risk. | | | | | | | | | | | | | | | | | | | |
| | Transit Operators worked split shifts without swiping out between shifts. | Implemented | | | | | | | | | | | | | | | | | | | |
| | Transit Supervisors are not reviewing excess overtime on timecards per Sun Metro's Policies. | Implemented | | | | | | | | | | | | | | | | | | | |
| Three (3) Transit Operators worked more than 7 consecutive days without a day off for two pay periods. | Implemented | | | | | | | | | | | | | | | | | | | | |
| Overtime policy violations are not documented by Transit Supervisors. | Implemented | | | | | | | | | | | | | | | | | | | | |

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| | | |
|---|---|-------------|
| 2 | Sun Metro’s scheduling of bus routes, Transit Operators, and Extra Board contributed to excessive overtime for the three pay periods selected for review from January 8 to February 18, 2017. | |
| | 51% of Sun Metro's bus routes are over 8 hours long per day. | Implemented |
| | 17 out of 25 (68%) Transit Operator's scheduled were more than 40 hours per week. | Implemented |
| | 9 out of 25 (36%) Transit Operators Extra Board duties were not documented on the Extra Board Report Time Log. | Implemented |

The Internal Audit Office determined that Sun Metro is monitoring its overtime consumption and continues its efforts to reduce it. A 3rd Follow-Up Audit will not be scheduled as Sun Metro will assume the risk of the 3 areas identified for Finding 1.

For a detailed explanation of current observations, please refer to the appropriate finding contained on pages 5 through 7 of this Audit Report.

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BACKGROUND

The *Generally Accepted Government Auditing Standards* (Standard 5.06 and 6.36) states that auditors should evaluate whether the audited entity has taken appropriate corrective action to address findings and recommendations from previous engagements. The *International Standards for the Professional Practice of Internal Auditing* (Performance Standard 2500.A1) require that the Chief Audit Executive establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

AUDIT OBJECTIVES

The audit objective was to ensure that corrective action was taken by management to address the recommendations detailed in the original Audit Report dated October 2, 2017.

AUDIT SCOPE

The 2nd Follow-Up Audit was limited to a review of the findings not implemented in the 1st Follow-Up Audit titled “*Sun Metro Overtime Follow-Up Audit A2019-01*” dated January 30, 2019. The audit period covered the operations of Fiscal Years 2020 and 2021.

AUDIT METHODOLOGY

To achieve our audit objectives, we:

- Conducted interviews with Sun Metro Management and staff.
- Verified if Transit Operators are adhering to the department’s Rules and Regulations by not:
 - Working more than 24 hours of overtime per bi-weekly pay period,
 - Swiping in early or swiping out late,
 - Working more than 15 hours per day,
 - Working 10 or more hours without 8 consecutive hours off duty,
- Verified if Sun Metro Route Runs are scheduled to reduce overtime,
- Verified if Coach Operator schedules are being scheduled to minimize overtime.

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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ORIGINAL FINDINGS, ORIGINAL RECOMMENDATIONS, MANAGEMENT’S RESPONSE TO ORIGINAL FINDINGS, CURRENT OBSERVATION, AND STATUS

Based on the results of follow-up test work, each original finding recommendation will be designated with one of the following four status categories:

| | |
|------------------------|--|
| <i>Implemented</i> | The finding has been addressed by implementing the original corrective action or an alternative corrective action. |
| <i>In Progress</i> | The corrective action has been initiated, but is not complete. |
| <i>Not Applicable</i> | The recommendation is no longer applicable due to changes in procedures or changes in technology. |
| <i>Not Implemented</i> | The recommendation was ignored, there were changes in staffing levels, or management has decided to assume the risk. |

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Finding: 1

Current Observation

Overtime Monitoring

Our review consisted of determining if Sun Metro Management is taking corrective action to reduce overtime consumption. Based on our work we have determined the following:

Sun Metro Management has taken steps to decrease the consumption of overtime by:

- The Managing Director directing that no overtime being permitted for all Sun Metro Divisions unless pre-approved by the Managing Director.
- Modifying the Sick Leave Policy Exemptions and Call in Procedures to help curb abuse.
- Requiring an Overtime Report for each division per pay period.
- Requiring daily Extra Board Overtime reports.

Utilizing data from KRONOS, the City’s employee time recording software, we conducted a review of the top 25 Transit Operator overtime consumers for the 3rd Quarter of Fiscal Years 2018, 2019, 2020 and 2021. Based on our review we determined there was a significant reduction in overtime consumption the past two years.

| Third Quarter Top 25 OT Consumers | | | | |
|-----------------------------------|-----------|--|--------------|--|
| Fiscal Year | OT Hours | % Increase or Decrease in Hours from previous year | OT Expenses | % Increase or Decrease in expense from previous year |
| 2018 | 8,548.96 | - | \$205,609.24 | - |
| 2019 | 10,433.66 | 22.05% | \$261,661.72 | 27.26% |
| 2020 | 4,098.97 | -60.71% | \$106,957.43 | -59.12% |
| 2021 | 5,266.77 | 28.49% | \$129,617.18 | 21.19% |

Note: During 2020, Bus Routes were significantly reduced due to COVID-19 which translated to a reduction in overtime.

Status

Implemented:

- Transit Operators swiping in early/late before and after their shifts. Sun Metro Transit Supervisors are monitoring and disciplinary actions have been implemented for violations.
- Overtime violations are being documented by Transit Supervisors.

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Current Observation

Overtime Consumption

Sun Metro Transit Operators available as of August 4, 2021.

| Authorized Positions | Current Vacancies | Transit Operators out for various reasons | Active Transit Operators |
|----------------------|-------------------|---|-----------------------------|
| 340 | 72 | 30 | 238 |

Transit Operators are being allowed to exceed the overtime limits stated in Sun Metro’s Rules and Regulations as required to meet the current Bus Route Schedule demand. The overtime required is attributable to the Transit Operator vacancies listed above. Efforts are being made to recruit additional Transit Operators.

The following exceptions to the *Mass Transit Department’s Rules and Regulations Manual*, dated January 2013 (Revised February 2018) are being approved and currently necessary to complete Bus Route requirements.

- Transit Operators are being allowed to exceed 24 hours of overtime per pay period if required. Which is an exception to Section 5.12.3 of above manual.
- Transit Operators are being allowed to work more than 15 hours per day if required. Which is an exception to Section 5.12.4 of above manual.
- Transit Operators are being allowed to work 10 hours or more without eight (8) consecutive hours off duty if required. Which is an exception to Section 5.12.5 of above manual.

These exceptions are allowed due to the number of daily Transit Operator vacancies and the requirement to complete Bus Route Runs as scheduled for the Sun Metro Ridership.

Status

In Progress – Sun Metro will assume the risks of allowing exceptions to the overtime Rules and Regulations as stated in the above manual.

The Internal Audit Office determined that Sun Metro is monitoring its overtime consumption and continues to make efforts to reduce it. A 3rd Follow-Up Audit will not be scheduled as Sun Metro will assume the risk of the 3 exceptions identified above.

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Finding: 2

Current Observation

Bus Route and Transit Operator Scheduling

A review and comparison of the number of Sun Metro Bus Routes and the number of scheduled Route Runs over 8 hours was conducted to determine if Bus Routes and Route Runs are being scheduled to reduce overtime.

A Bus Route is comprised of several segments defined as Route Runs. For example, Bus Route #1 has 2 Route Runs whereas Bus Route #54 has 16 Route Runs.

The comparison of the August 2018 (1st Follow-Up Overtime Audit) Route Runs and the current Route Runs as established on June 20, 2021 is as follows:

| Name of Route Run | Current Total Route Runs | August 2018 Total Route Runs | Difference | Current Total Route Runs Over 8 Hours | August 2018 Total Route Runs Over 8 Hours | Difference |
|--------------------------|---------------------------------|-------------------------------------|-------------------|--|--|-------------------|
| Weekday Routes | 185 | 226 | -41 | 144 | 161 | -17 |
| Saturday Routes | 144 | 178 | -34 | 81 | 112 | -31 |
| Sunday Routes | 0 | 126 | -126 | 0 | 24 | -24 |
| Holiday Routes | 0 | 94 | -94 | 0 | 3 | -3 |
| Route 90 | 0 | 6 | -6 | 0 | 0 | 0 |
| Overall Total | 329 | 630 | -301 | 225 | 300 | -75 |

- Sun Metro has scheduled 301 less Route Runs than it had in August of 2018.
- Sun Metro has scheduled 75 less Route Runs that are over 8 hours than it had in 2018.
- Since August of 2018, Sun Metro has had 6 Roster Sign Up Periods to include the one on June 20, 2021 where the data shows an overall decline in the number of Weekday (226 to 185), Saturday (178 to 144), Sunday (126 to 0) and Holiday (94 to 0) Route Runs.
- Sun Metro has temporarily Suspended 3 Routes and Deactivated 1 Route.
- Sun Metro utilizes scheduling software that allows users to establish parameters to design and monitor Route Run lengths and roster time per week to get as close to 40 hours as possible. For efficiency purposes, some Route Runs are designed to be longer than 8 hours rather than create many small runs that are 2 to 4 hours and difficult to cover.

Status

Implemented - Sun Metro is scheduling Bus Routes and Route Runs to reduce overtime.

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INHERENT LIMITATIONS

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projections of any evaluation of the internal control structure to future periods beyond the Audit Report date are subject to the risk that procedures may become inadequate due to changes in conditions, management override of internal controls, or that the degree of compliance with the procedures may deteriorate. This was a limited scope audit which only reviewed the areas stated in the Audit Objectives during the Audit Scope period. No representations of assurance are made to other areas or periods not covered by this audit.

CONCLUSION

We have concluded our audit work on the objectives of the Sun Metro Overtime 2nd Follow-Up Audit. The audit evidence used in the analysis is sufficient and appropriate for addressing the objectives and supporting the observations and conclusion. In accordance with *Generally Accepted Government Auditing Standards* we are required to conclude on whether the Sun Metro Department met the objectives of this Follow-Up Audit. Based on our audit work, we have determined that:

The Sun Metro Department has met the audit objectives in the following areas:

- Sun Metro is monitoring and disciplining Transit Operators that do swipe in early/late before and after their shifts,
- Overtime violations are being documented by Transit Supervisors,
- Transit Operator schedules that include overtime have been reduced,
- Bus Route Runs over 8 hours have been reduced.

The Sun Metro Department did not meet the audit objectives in the following areas:

- Transit Operators are working more than 24 hours of overtime per pay period contrary to Section 5.12.3 *Working Hours* of the *Mass Transit Department's Rules and Regulations Manual*,
- Transit Operators are working more than 15 hours per day contrary to Section 5.12.4 *Working Hours* of the *Mass Transit Department's Rules and Regulations Manual*,
- Transit Operators are working 10 hours or more without eight (8) consecutive hours off duty contrary to Section 5.12.5 *Working Hours* of the *Mass Transit Department's Rules and Regulations Manual*.

The Internal Audit Office determined that Sun Metro is monitoring its overtime consumption and continues to make efforts to reduce it. A 3rd Follow-Up Audit will not be scheduled as Sun Metro will assume the risk of the 3 exceptions identified above.

We wish to thank Sun Metro Management and staff for their assistance and numerous courtesies extended during the completion of this audit.

Signature on File
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Chief Internal Auditor

Signature on File
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