State of New York

Carolyn Pokorny
Inspector General

Office of the Inspector General
Metropolitan Transportation Authority
One Penn Plaza, 11th Floor, Suite 1110
New York, NY 10119
212-878-0000

October 18, 2019

Mr. Patrick J. Foye
Chairman and CEO
Metropolitan Transportation Authority
2 Broadway, 20th Floor
New York, NY 10004

Re: MTA's Deficient Overtime Verification - Final (MTA/OIG #2019-19)

Dear Mr. Foye:

In your May 1, 2019 statement "Investigation into Dramatically Increased Overtime Payments," you charged agency presidents with conducting a review of their overtime (OT) procedures and regulations. You also asked the Office of the MTA Inspector General (OIG) to review MTA agencies' overtime payments to ensure that these payments: (1) were appropriately planned for, scheduled, and signed off upon, and (2) that the claimed hours were in fact worked. This response reports our findings on the second request. Your first request, determining if overtime is appropriately planned for and scheduled, requires as a practical matter that the agencies provide us with the relevant records which are largely antiquated, paper-based forms that need to be converted into electronic data for detailed analysis on an individual employee basis – a herculean task for an agency of 70,000 workers. We will, however, examine those issues selectively as we pursue additional audit and investigative work on time and attendance.

Over the last ten years, the OIG has conducted over 40 audits and investigations into MTA agencies' time and attendance procedures and practices, including overtime. We have recommended discipline for dozens of employees and supervisors found to be abusing or falsely claiming overtime. Our work has not just been investigative. We have also uncovered systemic weaknesses in how agencies assign overtime, pay for travel time at OT rates, and manage operational practices to avoid OT.

Most recently, in response to your request, OIG conducted a review of the processes by which MTA operating agencies pay employees for claimed overtime hours to determine whether agency supervisors and managers could verify that those employees had, in fact, worked those hours. Our findings make clear that in many departments such verification was deeply burdensome – or even impossible. To be clear, the scope of this review was limited to high earners and their time verification systems, not whether some overtime earners are or are not committing fraud. Rather, our findings show that the existing system creates an environment where fraud could easily occur undetected – which is troubling given that the MTA spent approximately $1.38 billion on overtime in 2018, about 8.5% of its operating budget.

On September 26, 2019, we shared our draft report with you for comment. Your reply noted that "the OIG's findings and recommendations are consistent with and reinforce the conclusions reported by Morrison and Foerster in their review." You added that the full implementation of our report's recommendations will be tracked and reported by the MTA's All-Agency Overtime Task Force. The OIG will be monitoring the progress of the Task Force.

I. EXECUTIVE SUMMARY

OIG reviewed 75 high overtime-earning MTA employees from across the MTA agencies, whose 2018 payroll records showed payments for more than 32 consecutive work hours on multiple occasions, work shifts in excess of 16 hours over several consecutive days, or both. Our sample for each agency's operating department was small by necessity to meet a short timeframe but sufficient to show how agency time and attendance systems have critical failures. As a group, these 75 employees received approximately $7.2 million in overtime pay in 2018, and their timesheets were approved by 33 different supervisors (Approvers[1]).

For an MTA employee with consistent work hours, a single assigned location, and a supervisor working identical hours at the same location, such as an office or maintenance shop, verifying the OT hours the employee claims to have worked is comparatively straightforward.[2] However, for many of the 75 high earners we reviewed, their overtime hours are often spent in a work location with a different supervisor – not the supervisor who approves the employee's hours for his or her regular work tour. As a result, the supervisors charged with approving the employees' day-to-day timesheets must approve the employees' overtime without being able to rely on their own direct observations. In this analysis, OIG sought to review what methods Approvers rely on to verify employee overtime hours.

In all, OIG reviewed relevant data from New York City Transit (NYC Transit), Long Island Rail Road (LIRR), Metro-North Railroad (MNR), and MTA Bus. OIG also interviewed Approvers at each agency. We report our Summary Findings and Recommendations below.

A. Summary Findings

OIG found that MTA management, across the four agencies, lacked the fundamental ability to properly verify overtime claims made by the 75 high OT-earning employees included in this review:

---

[1] Timesheet approvers have a wide range of titles and positions; for this report, we refer to them as "Approvers."

[2] We are not suggesting, however, that verification in this situation is fraud-proof. OIG has concerns about many of the operating units' timekeeping processes, particularly those that are paper-based or rely on outdated technology.

- OIG found that the absence of a proper system to verify employees' time and attendance for overtime hours could create opportunities for employees to claim overtime that was not worked or even assigned to them without being detected.

- Many Approvers of high-earner timesheets cannot rely on their own observations of employee attendance because their subordinates often earn overtime by working at other locations, under other supervisors – or in certain cases, under no supervision at all.

- 13 of the 33 Approvers we interviewed – or 39% – told us they relied entirely on the honesty of the employees to report their hours accurately and/or the integrity of the employees' front-line supervisors (who are not always in the same location as the employee either) to report the overtime hours correctly for the group. Several of the 13 Approvers aptly characterized attendance reporting as an "honor system."

- 21 of the 33 Approvers we interviewed – 64% – stated that when they are not the ones assigning the overtime, they do not, or cannot, confirm that their subordinates' reported overtime was even assigned to them.

- 20 of the 33 Approvers we interviewed – 61% – claimed to use one or more paper documents to try and verify their employees' attendance for all regular and overtime hours. These manual processes are labor-intensive and inadequate.

- In our sample of 75 employees, 54 employees – 72% – worked for departments that do not have or were not using any type of time clock in 2018 for tracking either regular or overtime attendance. We found that these departments used paper, handwritten, labor-intensive processes to track employees' attendance.

B. <u>Recommendations</u>

We make several recommendations to address these deficiencies.

1. Require all agencies to retain, in an electronic retrievable form, the name of the person authorized to work an overtime shift, the name of the shift supervisor, the work location, and the start/end times for the overtime.

2. Provide Approvers with the necessary information to verify employees' overtime claims and hold them accountable for confirming the information.

3. Create monthly reports of "high earners" or "high rollers" that show employees with excessive daily work hours over many consecutive days, and distribute the reports not just to budget officers and upper management, but to lower levels of management (e.g., Approvers) so that all can be involved in assessing and curtailing unreasonable hours.

All management levels from Approvers up must also be held accountable for keeping overtime expenditures within their budget.

4. The MTA is under a mandate to install and use Kronos biometric time clocks to capture employees' work hours across the entire agency. MTA should integrate the new clocks into the timekeeping/payroll system so that it not only captures employees' start/end times and overtime authorization, but also electronically generates payroll data and minimizes manual adjustments to the payable time. Special consideration must be made to fully account for field employees working at remote locations. The system should also be capable of electronically providing the necessary tools and information to time approvers and other personnel responsible for monitoring employees' time and attendance.

In your response to our draft report, the Presidents of NYC Transit, LIRR, and MNR described the actions underway at each agency to address the deficiencies we had identified. In addition, you said that you will keep my office informed over the coming months regarding MTA's progress in fulfilling the recommendations. The OIG will continue to monitor implementation.

The OIG's Report, which appears below, provides added context, describes our findings and recommendations in more detail, and includes information about the agencies' planned corrective actions.

II. BACKGROUND

A. Purpose of the Special Review

On May 1, 2019, you asked the OIG to conduct a review of overtime payments made by MTA agencies to ensure that they were appropriately planned for, scheduled, and signed off upon, and that the claimed hours were in fact worked. Over the past year, OIG has completed several investigations and audits focusing on individual employees and/or groups of employees who were alleged to have falsified their time records and abused overtime.

In this review, OIG targeted the operating agencies' ability to verify that high earning MTA employees were present at their reported work locations during the overtime hours they claimed. Determining if overtime is appropriately planned for and scheduled, the other part of your request, is an ongoing effort we are conducting by examining specific circumstances as part of additional audit and investigative work.

It should be noted that OIG's review did not assess the adequacy of the MTA agencies' overall policies and procedures relating to time and attendance nor determine the reasons for the increase in overtime spending in 2018. These areas were being addressed by the outside consultant retained by the MTA Board and by individual MTA operating agencies.

B. Methodology

OIG reviewed the time and attendance records for 75 high overtime earners employed by NYC Transit, LIRR, MNR, and MTA Bus who in 2018 were paid for many consecutive hours (e.g., 32, 40, 60, or even 80 hours) and/or claimed to work shifts in excess of 16 hours over consecutive days. We then reviewed the process by which these employees were compensated for this overtime, specifically the methods and documents Approvers used to verify that the employees were present at the worksite. As a group, these employees received approximately $7.2 million in overtime payments in 2018, averaging $96,000 per employee.

Our sample for each department was small by necessity to meet a short timeframe but sufficient to show how agency time and attendance systems have critical failures.

C. The Timekeeping Information Used in the Payroll Process

For many MTA employees, who have consistent work hours, a single assigned location, and a supervisor working identical hours at the same location, such as an office or maintenance shop, verifying these employees' attendance is comparatively straightforward.[3] In such cases, the supervisor can have some degree of confidence that the employee was on site and carrying out his or her assigned tasks during the period in question, and thus the timesheet-approval process is more likely to be efficient, accurate, and reliable. However, for the high earners we reviewed, their work circumstances differed greatly from that of the many MTA employees with consistent work hours and locations.

To fully appreciate the findings of this review, it is important to understand how the MTA payroll system is designed. Overall, the MTA agencies' payroll systems operate on an "exception basis." Each MTA employee's pay is based on a typical schedule, e.g. 40 hours per week at a contractual hourly or salary rate (commonly termed "straight time" or "regular time"), and each time and attendance system is programmed to calculate the employee's base payable hours. The timekeeping system eventually interfaces with the MTA-wide PeopleSoft payroll system to produce a paycheck for this standard amount. However, this baseline number of payable hours must frequently be adjusted to reflect any exceptions that occur during a given pay period, including overtime hours.

The process for adjusting an employee's pay to reflect overtime hours worked is as follows: first, in many operating departments the exceptions are entered on handwritten paper timesheets by the employee's immediate supervisor (e.g., a gang foreman or a lower-level supervisor). Second, a higher-level supervisor then reviews and approves these paper time records—effectively vouching that the lower-level supervisory staff has accurately reported the employees' work hours—before the information is entered into the computer-based time and attendance systems, where adjustments are made to finalize the payable time. Because these

[3] See footnote 2.

higher-level supervisors have a wide range of titles and positions, we identify them simply as "Approvers" for the purposes of this report. In many cases, this approval represents the only level of review in which an operating department has an opportunity to identify errors and inconsistencies.

D. Overtime: Assignment and Approval

Overtime can be either planned or unplanned. Planned overtime must be authorized in advance, while unplanned overtime typically is worked by an employee who is already working on-site. Managers in each MTA department are responsible for identifying when overtime work is necessary and for specifying the types of work required. Filling of planned overtime shifts is done on a volunteer basis in which employees sign up for extra shifts on their own, often without their supervisors and/or Approvers knowing about the additional work. For example, a train conductor who is also qualified to work as a safety flagger will operate a train during the day and may report to work on a flagging assignment at a construction site overnight for an overtime shift.

Arrangements for extra shifts are usually made in one of two ways: either agency management directly solicits employee participation or union representatives ask for volunteers, through a process known as canvassing.[4] The assignment of overtime shifts is often captured only on a paper record, such as a sign-up sheet posted in a single work location—rather than in an electronic system that would allow Approvers to easily know where and when employees whose timesheets they are in charge of approving are working overtime.

When an employee has completed an overtime shift, the related time records[5] are almost always sent to that employee's *regular* shift supervisor for approval, as part of the exception-reporting system described above. However, if an employee's overtime assignment falls under the jurisdiction of a group other than the employee's regular work group, which is often the case for high-overtime earners, the Approver may not know of overtime shift(s) assigned to the employee.

[4] In some work groups, an overtime assignment is first offered to the qualified employee who has the most seniority (i.e. longest tenure) in the relevant collective bargaining unit. If that individual is not available or interested, the qualified person at the next-highest seniority level has the right to accept the overtime shift. As a result, the most senior employees—including a number of those in our sample—often receive the most overtime pay.

[5] Paper records are variously named timesheets, labor sheets, sign-on/off sheets, roster sheets, or gang sheets.

III. FINDINGS

At a minimum, to have an effective time and attendance system with over 70,000 employees, an organization needs three key elements:

- An accurate mechanism to capture the actual times an employee begins and ends a given work shift.
- Reliable tools and information sources to allow Approvers both to verify employees' *claimed* work hours and to compare them to *assigned* work hours.
- Software that translates approved hours into the payroll system consistent with applicable compensation agreements or work rules.

As our findings illustrate below, many MTA operating departments do not possess one or more of these key timekeeping elements and therefore lack the basic management controls necessary to ensure that high-earning employees are paid only for overtime work that was assigned and actually performed.

A. Time Approvers Do Not or Cannot Verify Employees' Claimed Work Hours

MTA employees and their supervisors often work the same regularly scheduled hours and the same overtime hours, at the same location. However, we learned that high-earning employees often worked their overtime shifts at locations other than the employees' normally assigned locations. Thus, Approvers of attendance records could not rely on their own direct observations of employees' attendance and productivity and instead relied on other methods. For 20 of the 33 Approvers we interviewed, they claimed to use various handwritten documents to verify their employees' attendance for all regular and overtime hours. These included daily work location and verification forms, overtime control sheets, daily timecard exception reports, overtime shift sign-in/sign-out sheets located in a foreman's office, and a bus maintenance supervisor's daily assignment sheet. However, many of the Approvers acknowledged that these documents are cumbersome to refer to and can be incomplete, leaving them with no reasonable way to verify overtime claims.

We found that it was a common practice for many Approvers to rely entirely on the word of the employees to report their hours accurately and/or the word of the employees' immediate supervisors – who in most instances also did not have direct observation over their subordinate's overtime shifts – to confirm the overtime hours claimed before approving them. Several Approvers called their attendance reporting an "honor system."

Examples from the 75 high earners reviewed are below:

1. NYC Transit Department of Subways

A high-earning track maintenance employee in the Department of Subways (DOS) worked a regular shift, 8:00 a.m. to 4:00 p.m., under the supervision of one Track Superintendent. The employee then regularly worked an 8-hour overtime shift at a different location and under a different supervisor. While the Track Superintendent approved all of the employee's time – including the overtime shift – he could only vouch for the hours he directly oversaw and did not check with the supervisor of the overtime shift to verify the employee worked the hours claimed. No records or systems were in place to enable him to independently verify the employees' reported OT work locations or hours outside of his area of responsibility.

In describing this process to us, the Track Superintendent acknowledged that it is "basically an honor system." The Track Superintendent explained that he relies on the employee to accurately record his shift start/end times on a handwritten paper sheet, which is used by the payroll clerk to generate the daily deviation sheet that the Track Superintendent signs-off on. The Track Superintendent does not verify the accuracy of the sign-in/out sheet or the deviation sheet, but noted that if needed, he can call the supervisor of the overtime shift to confirm whether the employee was there; however, he acknowledged that he has never done so. In fact, because he could only see and approve the employee's time on a daily basis and did not have access to time data over an extended period, he did not realize that the employee had claimed to work many consecutive and excessively long shifts (i.e., 18 hours or more). He only became aware of this in early 2019 when NYC Transit began circulating a "high rollers" report showing high OT earners. As a result, the Superintendent informed us that he has been paying more attention to his subordinates' OT hours and even eliminated some of the OT previously available to the employee in question.

OIG is troubled to find the widespread reliance on an honor system for the approval of timesheets within DOS and elsewhere at the MTA. Relying solely on an honor system is most concerning when supervisors are required to approve shifts of employees who worked at times when supervision is limited or non-existent, such as during the overnight hours when considerable subway maintenance work occurs. When OIG raised this concern with DOS managers, they agreed that the current practice created opportunities for employees to claim hours that may not have been worked.

Timekeeping approval controls were entirely missing for five other DOS employees in our sample of 75 high earners because the same five employees are also designated payroll clerks for their responsibility center, and thus have access to the timekeeping system. Although the clerks are instructed orally not to enter their own time into the system, we found that the software lacks a built-in control to prevent or to detect such activities. This could lead to employees entering overtime for themselves and bypassing any needed approvals.

2. *MNR*

A welder in the Maintenance of Way Track Special Projects unit was often called in to work overtime by supervisors outside of Special Projects to provide welding or training support. When approving the welder's time records, the Approver claimed to verbally verify the reported overtime hours with other supervisors outside of Special Projects. While the welder was required to swipe the Kronos clock once when he arrived and once when he left the work site, OIG learned that the Approver did not check the records generated by the Kronos clock. Other records, including overtime control sheets and the foreman's work activity log, could be used to show pre-authorization of planned overtime and the tasks performed by the employee during each shift. However, the Approver told us that he did not seek access to any documents to verify the overtime work outside of Special Projects.

In a separate instance, we found that an MNR Track Supervisor diligently compared multiple source documents when approving his employees' overtime. However, he could not rely on the Daily Activity Log, which documents the various locations and assignments that field employees complete each day. According to the Track Supervisor, the foreman, who is a union member and typically on-site during overtime hours, refused to certify the time records of workers in other labor unions, including two employees in OIG's review of 75 high-earning employees. The Approver said that MNR is seeking to address this issue through union negotiations.

In another example, OIG's review found that a high earning MNR third-rail foreman was often assigned to work overtime to support various departments' work projects requiring the third-rail power to be turned on or off. The foreman completed his own timesheets and submitted them for approval, and his Approver approved the reported time but made no attempt to verify whether the reported hours were accurate—that is, whether the foreman had been present at the job site(s). While OIG is not alleging or suggesting that the foreman did not work the overtime hours claimed, our review suggests that the inability to verify such hours presents employees, such as the foreman, with opportunities to potentially submit, without consequence, timesheets containing unauthorized overtime or overtime hours that were not worked.

3. *LIRR*

A particularly troubling example of poor controls over time and attendance can be found in LIRR's Engineering Department. OIG learned of an Approver who worked during the day and approved timesheets submitted by many high-earning subordinates claiming to have worked overtime during overnight shifts. OIG found that the Approver could never have verified their time, even if he had tried. During those night shifts, the subordinates were without supervision from any LIRR personnel, and—other than the labor sheets the employees completed themselves—no records existed to allow the Approver to verify that the employees were present at the job sites for any or all of the shifts.

B. Time Approvers Do Not or Cannot Confirm Even the Assignment of Overtime

Our review identified an absence of information about who is even assigned overtime. Nearly two-thirds of the Approvers we interviewed stated that when they are not the ones assigning the overtime, they do not, or cannot, confirm that their subordinates' reported overtime was even assigned to them, let alone worked. This finding is troubling because it offers employees opportunities to submit claims for non-existent overtime shifts

When overtime assignments are not directly related to employees' regular work tasks, we learned that the extra shifts are arranged, often via phone calls or emails, directly between the departments seeking overtime support and the employees qualified to perform the overtime work. In some cases, as described above, employees note their availability on paper sign-up sheets during the canvassing process. For the purposes of this report, we describe this somewhat informal process as overtime "assignment." We learned that supervisors who assigned overtime often did not create detailed records that Approvers could readily use later in the timekeeping process to determine which employees had, in fact, been assigned overtime work.

OIG found that in some cases no documentation was available to prove that employees were appropriately assigned the overtime shifts they reported working. For example, OIG reviewed the handwritten overtime canvassing forms for employees assigned overtime in LIRR's Engineering Track Department over a six-month period. For two LIRR high-overtime earners in our sample, paperwork confirming that they had been assigned an overtime shift could only be located for 65% and 17% of the days the two claimed, respectively. While it is beyond the scope of this specific review to determine whether any employees falsified their timesheets to be paid for shifts that they were never assigned, given the weak time and attendance controls at such locations, employees could submit time records requesting payments for overtime shifts they were never assigned and get approval – and paid – for the time, and no one would know.

C. Tracking of Employees' Attendance in 2018 was Insufficient and Labor-Intensive for Both Regular Time and Overtime

Accurate attendance tracking, specifically the verification of each employee's work start/end times, is the critical first step in any reliable timekeeping and payroll system. This basic step is absent in most agencies.

Whether for regular shifts or overtime assignments, MTA agencies track employees' attendance using a variety of tools, including punch clocks which use paper cards instead of biometrics or ID swipe cards. Some departments—including several of the largest work groups—had at the time of this review no time-clock system in place at all to capture employees' arrival at and departure from their assigned work locations. In our review of 75 high-earning employees, the majority – 54 – worked for departments that were not using any time clocks in 2018 for tracking either regular or overtime attendance. We found that these departments used manual, paper-based, labor-intensive processes to track employees' work hours. As the examples below indicate, the system was both inefficient and ineffective. In short, management's apparent reliance on an "honor system" has not served the MTA agencies well.

1. LIRR Engineering

In 2018, LIRR Engineering employees, who represent 49 of the top 100 overtime earners across the MTA, were not required to use a time clock to record their shift start/end times in 2018. Instead, foremen manually record their subordinates' times on paper timesheets called the Daily Labor Sheet. Significantly, the entries reflect the *scheduled* start/end times of the employee's assigned regular or overtime shift, e.g. 8:00 a.m. and 4:00 p.m.; there is no system in place to ensure they reflect when employees actually report to work or whether they stay at the worksite for the entire shift.

2. NYC Transit

At the time of this review, the majority of the NYC Transit labor force—tens of thousands of hourly employees—report their time by filling out paper timesheets (also known as "sign-on/off sheets" and "roster sheets") each day. Timekeepers collect the documents, review them for exceptions, and then manually enter the exceptions[6] into either the Automated Timekeeping System (ATS) or the Unified Timekeeping System (UTS). Notably, timekeepers do not always match the paper time records against any other sources to ensure their accuracy before entering the data into the systems.

OIG found that although Kronos time clocks were available to capture employees' work start/end times in certain departments, their use was limited to approximately 6,430 managers and salaried employees, both represented and non-represented.

In addition, the protocol for processing electronic attendance data for 1,900 of these employees is inefficient and prone to error. First, timekeepers print paper timesheets from Kronos showing employees' daily swipe-in/out and the total hours on the clock. Next, those printed timesheets are distributed to individual employees for review. Third, the employees make adjustments using pencil and pen on the printed timesheets to reflect what they consider their actual work hours. Fourth, the Approvers review and approve the adjusted timesheets. Finally, the Approvers return the approved timesheets to timekeepers for the updates to be made in Kronos. We found that this process is excessively cumbersome, creates many opportunities for error, and requires more manpower than necessary, making it ineffective and unreliable.

---

[6] Exceptions are usually made to reflect employees' reported overtime and leave time.

3. *MTA Bus*

In 2018 and at the time of OIG's review in June 2019, MTA Bus had no agency-wide requirement for employees to swipe at a Kronos time clock at the start/end of their shift. In one instance, OIG found that management at the College Point Bus Depot did not require its bus maintenance employees to swipe in and out, although Kronos clocks were available at the facility. Management stated it would be "contentious" to mandate the use of the time clocks because the relevant Collective Bargaining Agreement (CBA) does not address the topic. Instead, the CBA requires employees to check in with their Line Supervisors, a process that is less efficient, less reliable, and less objective than the use of a time clock. Although the Line Supervisors document the work of these employees in the Spear Maintenance database, including any deviations from regular schedules, OIG finds this process is less reliable than if it were combined with required swiping.

In contrast, at the JFK and Spring Creek Depots, management requires bus maintenance employees to swipe in and out on the Kronos time clocks, and the time clock data is an integral part of the timekeeping and payroll processes.

D. Biometric Time Clocks Represent an Improvement and a Key Step in Solving this Problem

The MTA is under a mandate to install and use Kronos biometric time clocks to capture employees' work hours across the entire agency. The goal of this effort is to improve the MTA's control over time and attendance, thereby reducing payroll costs, especially overtime expenditures. This is a positive and vital first step in modernizing the agencies' timekeeping and attendance systems and improving the accuracy of payments for both regular and overtime hours. However, how biometric clock scans will interface with the payroll process has not yet been determined.

In an illustration of the benefits of this approach, a few operating departments are already using some Kronos biometric features on a limited basis:

1. LIRR Maintenance of Equipment (M of E) requires employees to use Kronos biometric time clocks to document their daily arrival and departure times. While the Kronos time entries are not used as the basis for employees' pay, M of E's foremen use them to confirm the correctness of their manually entered labor allocations to different projects or work orders. M of E's timekeepers also use the Kronos time entries to conduct the second review of employees' work hours, especially the overtime hours. The timekeepers compare them to the Overtime Time Approval (OTA) form[7] to confirm employees' attendance. If the Kronos entries do not match the OTA information, the discrepancies must be resolved with the employee's supervisor before overtime is processed for payment; overtime will not be processed without an OTA form.

[7] The OTA form includes the details of the overtime assignment, including the start/end times.

2. MNR also requires most of its employees to document their work shifts by swiping their identification cards through Kronos time clocks. Maintenance of Way further requires managers to document and approve any missed swipes or other exceptions before the employees can be paid. This higher-level quality check is designed to minimize the risk that employees could skip swiping in or out to mask unauthorized deviations from their scheduled work hours.

The MTA began installing biometric clocks throughout MTA during the summer of 2019. When they are in use, new and better attendance data will exist—a vital first step. In addition, biometric clocks must capture start/end times not only for employees working in offices, yards, and shops, but also for those whose daily tasks are out in the field or along a right of way. Our review found that field personnel—with the greater mobility and autonomy required by their positions—were more likely to lack the necessary oversight and timekeeping controls to reduce the risk of error and abuse. Commonly, high earners are also employees who work in the field and have the fewest time and attendance controls.

As noted earlier, MTA employees are generally paid based on their default schedule, which is adjusted as needed to reflect any exceptions, e.g. vacation, sick leave, or extra shifts. The payroll systems will still operate this way once biometric clocks are installed. In addition, as the system is currently designed, the data from the clocks will be available for comparative purposes and will not generate payroll payments. The information from swipes and scans will produce exception reports that show when the scans are not consistent with an employee's scheduled hours. However, how these reports will be used by Approvers, timekeeping, or management has not yet been determined.

While using Kronos time clocks is viewed favorably, how to make use of time-clock data is the next critical challenge for MTA. The data should not be held in a stand-alone data warehouse to serve only as an occasional reference point; but rather directly linked to the calculation and verification of hours worked for payroll purposes.

The MTA agencies must also institute standard time reporting and approving procedures for their respective departments. These procedures must require, for example, that Approvers approve only the employees' work hours that they can reasonably verify. The Kronos system must be able to provide Approvers with the tools and data they need to perform their oversight function effectively.

If the MTA is to reap all of the benefits of a modern timekeeping system, it should develop the Kronos biometric clock system into an MTA-wide primary timekeeping system, capable of processing the time-clock data into payable time without requiring significant manual inputs of information from other sources. This would be a significant effort requiring sustained managerial attention, substantial financial investment, and ongoing collaboration with the agency's many labor organizations.

IV. RECOMMENDATIONS

To ensure that overtime paid to employees is appropriately authorized, accurately documented, and verifiable, the MTA should:

1. Require all agencies to retain, in an electronic retrievable form, who was authorized to work an overtime shift, the name of the shift supervisor, the work location, and the start/end times for the overtime.

   Agency Response: Agreed; implementation in progress. According to LIRR President Phillip Eng's response to the draft report, the MTA Overtime Task Force is in the process of developing a common solution for maintaining overtime authorizations in electronically retrievable form "to facilitate the documentation and approval of overtime." Until such a solution can be implemented, individual agencies have taken action to immediately tighten their respective overtime approval and verification processes, including by establishing new procedures and creating forms for the pre-approval of overtime.

2. Provide Approvers with the necessary information to verify employees' overtime claims and hold them accountable for checking the information.

   Agency Response: Agreed; implementation in progress. The MTA Overtime Task Force is actively working to develop processes that provide more information and measures to improve management oversight of overtime. In MNR President Catherine Rinaldi's response to the draft report, she wrote: "The full capabilities of the Kronos system (and potentially other electronic systems) need to be understood and utilized in order to provide Approvers with a simple, yet comprehensive tool and method for verifying overtime." NYC Transit President Andy Byford stated that the agency has implemented new policies and procedures that "document the pre-approval and reason for overtime."

3. Create monthly reports of "high earners" or "high rollers" that show employees with excessive daily work hours over many consecutive days, and distribute the reports not just to budget officers and upper management, but to lower levels of management (e.g., Approvers) so that all can be involved in assessing and curtailing unreasonable hours. All management levels from Approvers up must also be held accountable for keeping overtime expenditures within their budget.

   Agency Response: Agreed; implementation in progress. According to the Presidents' responses, the operating agencies either already have high earner reports or are in the process of developing new report formats, overtime dashboards, and review procedures to better manage and monitor overtime. For example, LIRR President Eng wrote that the agency's current "high earners" report will now be reviewed monthly by executive management and staff. Additionally, the agencies will work with the MTA Overtime Task

Force to explore other reports that might assist management in controlling overtime, e.g. a list of employees with high daily hours worked over consecutive days, or a high number of continuous work hours.

4. Develop Kronos into an integrated timekeeping/payroll system that not only captures employees' start/end times and overtime authorization, but also electronically generates payroll data and minimizes manual adjustments to the payable time. Special consideration must be made to fully account for field employees working at remote locations. The system should also be capable of electronically providing the necessary tools and information to time approvers and other personnel responsible for monitoring employees' time and attendance.

   Agency Response: Agreed; implementation in progress. According to the agency Presidents, Kronos biometric clocks are either already in use or being installed and tested. Agencies have begun looking into the system hardware and software required to integrate the timekeeping and payroll systems. Agencies are also working with the MTA Overtime Task Force to explore an all-agency mobile solution for use by field employees. Agencies have also taken immediate actions to address areas of vulnerability; for example, according to President Eng's letter LIRR now requires Engineering employees working in a gang alone and Transportation flaggers working at third-party sites to register their in and out times with a manager. These time records are then reviewed and validated by the respective operating department's administrative staff.

As always, we appreciate the courtesy and cooperation afforded to us at all times by you and your staff. Should you have any questions, please contact me at (212) 878-0050 or Executive Deputy Inspector General Elizabeth Keating at (212) 878-0022.

Very truly yours,

Carolyn Pokorny

Carolyn Pokorny

cc: Andrew Byford
Craig Cipriano
Phillip Eng
Catherine Rinaldi
Thomas Quigley
Patrick Warren
Michele Woods
Monica Murray