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OSIG NEWS

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OVERTIME AUDIT FINDS \$51 MILLION IN POTENTIAL COST SAVINGS

The Virginia Office of the State Inspector General (OSIG) has released its Commonwealth Overtime Audit examining state agencies' use of overtime pay, areas for improvement, and projecting a potential cost savings of \$51 million.

"After much research and fieldwork, our team is proud to share its findings," said State Inspector General Michael Westfall. "Our Audit team reviewed 21 agencies, 210 months of timesheets, and \$1.5 million worth of overtime pay spanning two fiscal years."

The report named Virginia's Public Safety and Homeland Security, Transportation, and Health and Human Services Secretariats as the largest OT users. Pandemic-related costs may account for some of the expenses.

The report notes overall overtime-related costs have increased 90% since 2010, when Virginia's Department of Human Resource Management (DHRM) decentralized overtime-related decisions to individual agencies. This allowed agencies more flexibility in managing their staff, but also required development and enforcement of OT policies at the agency level. To date, eight of 21 audited agencies had weak or nonexistent overtime policies, with unclear or inconsistent enforcement. Further the lack of consistent documentation around overtime pay requests resulted in significant issues at one agency. Of the 19 tested VDH timesheets, 16 lacked adequate support. This small sample from a single department revealed \$399,442 of overtime payments without appropriate documentation.

"OSIG supports the use of overtime when it's appropriate," said Westfall. "Agencies rely on overtime to accomplish their mission to serve the Commonwealth's citizens. This report simply highlights the need for stronger policies – and communicating those policies – so that Virginia can continue serving the Commonwealth's citizens efficiently and cost-effectively."

The creation and enforcement of agency OT policies, as well as reviewing and revising scheduling practices at DBHDS facilities, are included in the report's 12 recommendations for Commonwealth agencies. These changes could substantially alleviate the need for Commonwealth overtime pay. If implemented during the period under scope for the audit and projected through December 2027, the recommendations result in an estimated cost savings of \$51 million dollars.

The full report is available on the OSIG website at osig.virginia.gov/reports.

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Established in 2012, the Virginia Office of the State Inspector General manages the State Fraud, Waste and Abuse Hotline; conducts administrative and criminal investigations and performance audits of state agencies; provides training and standards for the commonwealth's internal audit programs; and conducts inspections and reviews of Virginia Department of Behavioral Health and Developmental Services-run facilities and programs.