



Public Utilities Department Overtime Performance Audit Report by MGO

Office of Organizational Performance &
Accountability

City Council
April 24, 2018

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BACKGROUND

1. In May 2017, Transparent California reported the top ten overtime earners statewide that included a Riverside Public Utilities (RPU) Electric Power System Dispatcher, who received unusually high overtime pay for 2016.
2. Following the report, RPU management immediately responded to reduce excess overtime, reviewed the approval of timecards and filled vacant Dispatcher positions.



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BACKGROUND

3. The City Manager directed the Office of Organization Performance & Accountability to issue a request for proposals from consulting firms to conduct a performance audit of the RPU Electric Power System Dispatchers section for five calendar years (2012 – 2016).



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BACKGROUND

4. In October 2017, the City entered into a Professional Consulting Services Agreement with Macias Gini & O'Connell LLP (MGO) Business Advisory Division to conduct a performance audit of the RPU Electric Power System Dispatchers section.
5. The objective of the audit was to determine:
 1. If fraud occurred in recording and approving overtime;
 2. Cause of excessive overtime; and
 3. If internal controls were adequate.



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DISCUSSION

1. On April 5, 2018, MGO provided the following in a summary letter of the audit results:
 - a) RPU relied on increasing levels of overtime to meet its operational needs without adjusting existing staffing levels in the Electric Power System Dispatch section;
 - b) There was no evidence to support the conclusion that employee compensation was obtained by either creating overtime where not needed or submitting overtime not worked; and



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DISCUSSION

- c) Since May 2017, MGO noted the City/RPU has:
 - i. Hired additional staff;
 - ii. Strengthened internal controls with new policies/procedures; and
 - iii. Implemented overtime monitoring procedures.
2. The RPU Operational Improvement and Efficiencies Report presented to the RPU Board on April 23, 2018 highlights several additional overtime management improvements.



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DISCUSSION

3. Due to the filling of vacant positions in the Electric Power System Dispatcher section over the past calendar year, overtime compensation **decreased from 2016 to 2017 on average 35%.**
4. The top two overtime earners had a **decrease year to year of 42%.**
5. Dispatchers overtime continues to decrease as new dispatchers become familiar with the grid/SCADA System.



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DISCUSSION

6. The City Manager's Office with assistance from the Finance Department and the Innovation & Technology Department will continue to monitor overtime in RPU and all City departments.
7. An overtime "dashboard" to monitor overtime is planned for implementation in the coming months.



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RECOMMENDATION

That the City Council receive, review and approve the RPU Electric Power System Dispatchers overtime performance audit summary report and results from Macias Gini & O'Connell LLP.

