

DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 13, 2015

Board Item: II-B-3

Personnel Policies – Recommended Revisions to Chapters 1, 2 and 12 in Response to Payroll Audit

Action by Consent

Action

Information

Summary:

The recent audit of Denver Water’s payroll policies and procedures identified certain *Personnel Policies* related to employee pay that have not been uniformly followed or implemented correctly. The proposed revisions to the policies address the issues raised by Internal Audit. Other revisions and new policies are being recommended to keep Denver Water competitive in the labor market.

The recommended changes, if adopted by the Board, would result in the following substantive policy revisions:

- A new policy would expressly provide that time taken and attendance records are legal documents, and misrepresentation of time worked or leave take could lead to corrective action. (Section 2-4-(6).)
- A revised policy would notify employees that time worked will be recorded as exact time. The policy required rounding up of time to the nearest tenth of an hour, and the Kronos time keeping system was set up accordingly. Internal Audit determined Kronos was not consistent in doing so, resulting in some di minimis under/overpayments. The recommended revision will eliminate the rounding requirement, and Kronos will be adjusted as well to record exact time worked. (Section 12-6-(3).)
- A new “premium pay” policy would replace Denver Water’s current “exception overtime” policy. The new provision similarly rewards nonexempt employees for performing unscheduled work, but is easier to administer than the old exception overtime rule. The proposed premium pay policy clarifies that employees earn one and a half times their regular rate of pay for unscheduled work during weeks when they work less than 40 hours. This clarification should not result in a substantive change in pay for most employees because of how “unscheduled work” is defined. The “call-back” provision of the premium pay policy would additionally reward those field employees who are not on call but are called back to work outside of a regular shift by paying a minimum of two hours of pay regardless of time worked. (Section 12-7-(3).)
- A revised policy would modify the compensation nonexempt employees receive for being “on-call” from a flat rate to an hourly rate based on one hour of an employee’s regular rate of pay for each eight hours on-call. This change is in keeping with industry standards. (Section 12-7-(2).)
- A revised policy would allow nonexempt employees who are regularly scheduled to work a swing or graveyard shift to receive shift differential for each hour worked on that shift. Under the current policy, employees have to work at least four hours of a shift to receive any of the differential pay, which proved difficult to implement. The proposed revisions also adjust the time period definitions of swing and graveyard shifts. (Section 12-8-(1).)

Budget Information:

The financial impact of personnel policy revisions and pay corrections is anticipated to be absorbed within the current 2015 salary budget and will be considered as a part of the 2016 budget. An analysis of pay periods from January 6, 2012 (implementation of KRONOS time keeping system) through February 13, 2015 identified the following:

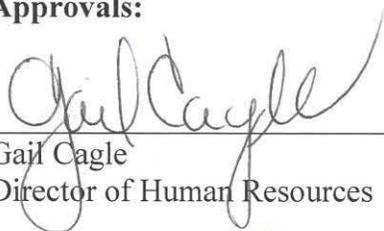
- Net underpayments impact 35 employees
- Total net underpayments equal \$326
- Inconsistencies in time reporting and inaccuracies in KRONOS calculation methods resulted in approximately \$175k in overpayments.
- Proposed increases to on-call pay in 2015 are estimated to be an additional \$383k

Upon Board approval of the personnel policy changes, a complete financial impact analysis will close the gap from February 13 through the July 17th effective date. Based on the current analysis, this incremental financial impact is anticipated to be minor and covered with 2015 existing budgets.

Recommendation:

It is recommended the Board adopt the revisions to the *Personnel Policies* effective July 17, 2015. The delayed effective date would allow supervisors and employees to receive training on the new payroll policies.

Approvals:

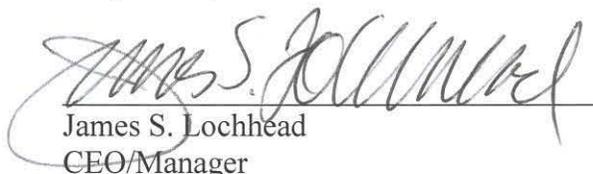


Gail Cagle
Director of Human Resources

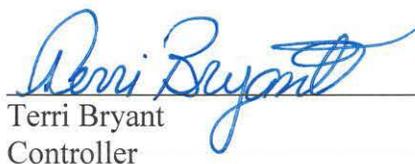


Angela Brimont
Director of Finance

Respectfully submitted,



James S. Lochhead
CEO/Manager



Terri Bryant
Controller