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PRESS RELEASE



**CITY OF
OAKLAND**

OFFICE OF THE CITY AUDITOR
MICHAEL C. HOUSTON, CITY AUDITOR

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Unauthorized Overtime Formulas Increase Costs to the City and Taxpayers

Between January 2018 and May 2024, the City paid employees in at least two departments \$1,667,650 beyond what was required

OAKLAND, California (February 20, 2025): Today, Oakland’s Office of the City Auditor released a [report](#) on the results of an investigation it launched following an anonymous complaint submitted to the City Auditor’s Whistleblower Hotline. The complaint alleged that the City of Oakland (City) was excessively paying employees in the departments of Transportation (DOT) and Public Works (PW) for overtime work.

The investigation substantiated the complaint, and found that between January 2018 and May 2024, the City paid DOT and PW employees \$1,667,650 in excess pay for overtime work. When considering overtime pay outside of this timeframe and the two departments in question, the City’s excessive pay for overtime work may be far greater.

The specific cause of the excess pay is that the City’s payroll system has been using a method for calculating overtime that differs from what the Fair Labor Standards Act (FLSA) requires. While employers like the City of Oakland have the right to pay employees more than FLSA requires, the investigation found no evidence that overtime pay in excess of FLSA requirements was ever authorized. Neither the City Charter, Municipal Code, City ordinances, nor labor contracts explain the City’s method for calculating overtime pay. Furthermore, the Finance Department – whose Payroll Division processes payroll and ensures employee compensation aligns with official terms and regulations – could not explain why the City is using this method; neither could the Human Resources Management Department or the City Attorney’s Office.

City Auditor Michael C. Houston stated, “It is important that we recognize the value of our employees who are working overtime to deliver essential City services, but it is my job to call out waste of taxpayer dollars, especially during a time when the City Administration is looking under couch cushions for spare coins. In that spirit, I hope the Administration takes seriously our recommendations to develop, implement, and document overtime formulas in alignment with authoritative regulations and agreements. This issue of excessive overtime pay warrants the City’s immediate attention because taxpayers have essentially been incurring significant costs that were never approved. I implore the City Administration to ensure that City

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employees are paid no more and no less than authoritative regulations and agreements require. I will watch closely how the City Administration works to rectify this issue.”

Auditor Houston also recognized the anonymous whistleblower whose complaint prompted the investigation. “As Oakland’s independent City Auditor, it is my job to investigate allegations of fraud, waste, and abuse. This requires whistleblowers to come forward with their concerns. I appreciate the whistleblower who disclosed the City’s excess overtime pay through our Whistleblower Hotline. Without the tip, we may not have become aware of this issue that is significantly costing the City.”

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You can read the full report [here](#).

Auditor Houston is available for in-person, virtual, or phone interviews. Please direct questions to Assistant to the City Auditor Dena Shupe at DShupe@oaklandca.gov.

ABOUT OAKLAND’S CITY AUDITOR MICHAEL C. HOUSTON

A career public servant, Michael C. Houston has been a government auditor and investigator for 17 years. He first worked as a performance auditor for the City of San Jose’s independent City Auditor’s Office from 2008 to 2017 and then as the Director of Compliance and Internal Control at California State University East Bay, where he directed the audit and investigation functions between 2017 and 2019. Michael has worked in the Oakland City Auditor’s Office since 2019, initially serving as the Whistleblower Program Manager and then as the Assistant City Auditor. In a March 2024 Special Election, Michael was elected to complete the term of the previous City Auditor, who resigned on October 13, 2023. Michael has a Master of Public Policy degree from U.C. Berkeley, a Bachelor of Arts degree in History from Sonoma State University, and is a Certified Internal Auditor.

ABOUT THE OAKLAND CITY AUDITOR’S OFFICE

The City Auditor’s Office independently and objectively reviews City operations and services, and reports on their performance to the public. The Office’s audits include recommendations to management and those charged with governance and oversight, on how to improve services, reduce costs, and increase public accountability. The Office conducts performance audits in accordance with Government Auditing Standards set by the Government Accountability Office under the U.S. Comptroller General. The City Auditor’s Office operates a Whistleblower Hotline to receive and investigate allegations of fraud, waste, and abuse affecting or involving City of Oakland resources, employees, officials, or contractors. The Office also prepares financial ballot analyses for proposed legislation in accordance with the City Charter, and conducts analyses and reviews requested from the City Council. Visit www.oaklandauditor.com to learn more about Oakland’s Office of the City Auditor or view a complete list of our released audits, investigations, and annual reports.