



APPENDIX "A" – REPORT # CAO-A-1309

INTERNAL AUDIT REPORT

OVERTIME

FINAL

October 31, 2013

Prepared by: Loretta Alonzo, Internal Auditor, City of Guelph

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EXECUTIVE SUMMARY

The use of overtime (hours worked by full-time staff in addition to their regularly scheduled hours of work) is a fundamental means to manage fluctuations in workload and staff resources. The discretionary use of overtime can be effective in balancing workloads and capacity to ensure seamless delivery of services.

While some service areas appear to manage their overtime costs very well, others have little or no awareness of the factors driving overtime costs and have made modest efforts to seek efficiencies to reduce these costs. Within some service areas, the use of overtime has become the default option as opposed to examining the scheduling of work or reviewing the business processes and decisions that drive workload and capacity.

There is a broad range of management practices across the organization that could be described as "legacy" issues that have been perpetuated over the years thereby creating a culture that views overtime as obligatory. One such practice is the lack of active attendance management. In some specific service areas, a culture of entitlement is apparent.

The challenge in managing the use of overtime is complicated by factors such as collective agreements that may be restrictive, unpredictable events such as weather-related emergencies, extended sick leave or absences and legislated minimum service requirements such as Fire and Emergency Services among others.

Total overtime costs are not easily visible to managers. With poor support from the tools with which to manage labour costs and only modest effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

The "tone at the top" also impacts the culture of the organization and how overtime is perceived. If it appears that overtime is receiving tacit approval it will flourish. This is demonstrated in several ways. In some operating areas, analysis of base service levels, resource requirements and labour cost analysis has been inadequate. Further, senior management has not provided adequate guidance to make these issues a priority and to ensure that the systems and reporting tools are in place to enable the service areas to effectively run their business units by making these costs visible.

The City of Guelph ranks among the highest municipalities in overtime costs and the audit presents substantial data that illustrates where and how these costs have occurred. Total actual overtime cost projected for 2013 is \$4,219,667 in cash plus banked overtime taken as time off in lieu projected at \$850,000 totalling \$5,069,667 or 6.1% of base salary and wages.

Using the municipal benchmark data collected for the audit, a reasonable overtime target for actual overtime expenditures (cash only) would be approximately 2.0% to 2.5% of total base salary and wages. The City is currently at 5.1% of total base salary and wages (on cash payments only).

The projected 2013 total base salaries and wages is approximately \$82,750,450. With target actual overtime expenditure calculated at 2.5% of base the annual overtime costs (cash only) would be approximately \$2,068,761. This would represent a reduction in actual expenditure of approximately \$3,000,906.

The audit has also reinforced conclusions drawn by KRONOS in its 2012 Utilization Report that significant savings potential exists within the timekeeping and payroll processes if the City makes the necessary investment in system and process upgrades.

While the potential to reduce actual overtime expenditure would present a challenge to manage costs and maintain service levels, it also forces a “reset” of the current culture and compels management to evaluate business processes, service delivery options, base line labour costs and the justification of overtime.

The overall position of the audit is that overtime expenditures can and should be controlled using a zero-based approach that assumes nothing until the business imperatives for using overtime are clearly defined and quantified. This can be achieved using a phased approach that establishes a one-year target for essential overtime (for 2014) with a mandate to develop a zero-based overtime target before the next fiscal year (2015).

While the audit has identified a number of opportunities for the City to improve its management of overtime costs, it must be acknowledged that changes in culture and past practice take time to fully evolve.

Management has the responsibility for implementing the audit recommendations but it will require the full commitment of staff, union leaders and Council to realize the maximum benefit of these changes

Executive Summary - Key Findings and Recommendations

A selection of Key Findings and Recommendations are contained in the Executive Summary. The complete list of all Corporate-level Findings and Recommendations may be found on page 21.

There is substantial reduction in expenditure to be gained if management takes control of the use of overtime at the City. The primary recommendations from this audit include:

1. Commit to implementing a zero-based approach to developing the corporate-wide overtime target for actual overtime expenditures for 2015.
2. Use 2014 as a pilot year to develop the various decision criteria, service level standards and work scheduling practices that will inform the zero-based approach.
3. Set a target of 2.5% of base salaries for corporate-wide overtime for 2014. Create an approval process that enables departments to “make the case” to the Executive Team for transferring a share of the overtime target to their departments to cover weather-related events, prolonged absences, unexpected strategic opportunities, etc.
4. Set an annual cap on all overtime banks.
5. Create and implement a 90-day plan to kick-start the transformation of Guelph Transit.

AUDIT OBJECTIVES

The purpose of this Value for Money Audit is to assess corporate-wide use of overtime (either paid in cash or banked and taken as time off in lieu of cash) and standby pay to evaluate the following:

- Compliance with existing policies and collective agreements
- Proper authorization levels and controls for approval of overtime
- Efficient and effective use of overtime
- Financial impact by service area
- Adequacy of management oversight
- Potential abuse

SCOPE

The following areas are in-scope for this audit:

- All service areas have been included; detailed analysis is limited to areas with significant overtime costs.
- All union and non-union staff have been included
- Compliance testing
- Control and authorization testing
- Audit of documentation and payroll inputs
- Financial analysis
- Attendance management effectiveness
- Municipal benchmarking and comparators
- **Out of Scope**
 - Payroll and timekeeping processes
 - Analysis of service area resources and work scheduling processes
 - Service Areas with minimum overtime expense have been excluded from the audit

AUDIT TEAM

- Loretta Alonzo, Internal Auditor
- Ingrid Pregel, iPCi Consulting

METHODOLOGY

The following research and analysis was undertaken for this audit:

- Internal document review
 - Collective agreements
 - Existing policies and procedures
 - Payroll and employee files
 - Timekeeper records and systems
- External literature review
- Benchmarking – Municipal Comparators
- Kronos timekeeping reports – 2009 to 2013

- Staff-Stakeholder interviews – 38 interviews in total
- Financial statements including budget to actual variance reports
- Field – Site visits

The report is presented in sections, by department, as follows:

- Current Environment including Interview Summary data
- Financial Analysis
- Key Findings and Recommendations
 - ❖ Corporate Overview
 - ❖ Community and Social Services
 - ❖ Public Works, Transit and Emergency Services
 - ❖ Planning, Building, Engineering and Environment
 - ❖ Corporate and Human Resources
 - ❖ Finance and Enterprise

The reader should take note of the years for which data is presented. For trend analysis the report uses 2009, 2010, 2011, 2012 and 2013 year to date as of August 31st. In some cases a forecast to the end of 2013 is provided. In other cases where a full year of data is useful, the report uses 2012 data. In other situations data is only available for specific years and these are noted in the report.

PAYROLL PROCESS AND TERMINOLOGY

Time reports for each employee are entered either weekly or bi-weekly into the City's timekeeping system "KRONOS". The information is uploaded to the City's financial system (JD Edwards). Monthly financial reports generated from JD Edwards show all wages that have been paid in cash. Overtime that has been banked in KRONOS to be taken off as time in lieu of cash at some future time does not appear in monthly financial reports.

Although reports can be run from KRONOS to identify overtime bank balances and total productive time lost because of banked overtime taken as time off in lieu of cash, there is no process at the City that regularly generates standard reports from KRONOS for management's review and analysis.

It is important to note that the financial reporting system does not easily identify all the overtime wages paid. Historically, management's philosophy was to manage to the bottom line for actual expenditures for every department rather than by individual financial reporting account codes. Therefore overtime expenditures were covered by a variety of financial reporting account codes in addition to overtime wages. For this reason, KRONOS is a more reliable source of information on total overtime expenditures.

CORPORATE OVERVIEW

Current Environment / Interview Summary

The use of overtime (hours worked by full-time staff in addition to their regularly scheduled hours of work) is a fundamental means to manage fluctuations in workload and staff resources. The discretionary use of overtime can be effective in balancing workloads and capacity to ensure seamless delivery of services.

While some service areas appear to manage their overtime costs very well, others have little or no awareness of the factors driving overtime costs and have made modest efforts to seek efficiencies to reduce these costs. Within some service areas, the use of overtime has become the default option as opposed to examining the scheduling of work or reviewing the business processes and decisions that drive workload and capacity.

There is a broad range of management practices across the organization that could be described as “legacy” issues that have been perpetuated over the years thereby creating a culture that views overtime as obligatory. One such practice is the lack of active attendance management. In some specific service areas, a culture of entitlement is apparent.

The challenge in managing the use of overtime is complicated by factors such as collective agreements that may be restrictive, unpredictable events such as weather-related emergencies, extended sick leave or absences and legislated minimum service requirements such as Fire and Emergency Services among others.

Total overtime costs are not easily visible to managers. With poor support from the tools with which to manage labour costs and only modest effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

The “tone at the top” also impacts the culture of the organization and how overtime is perceived. If it appears that overtime is receiving tacit approval it will flourish. This is demonstrated in several ways. In some operating areas, analysis of base service levels, resource requirements and labour cost analysis has been inadequate. Further, senior management has not provided adequate guidance to make these issues a priority and to ensure that the systems and reporting tools are in place to enable the service areas to effectively run their business units by making these costs visible.

The City of Guelph ranks among the highest municipalities in overtime costs and the audit provides substantial data that illustrates where and how these costs have occurred.

The audit findings indicate that in many areas, overtime budgets have been based on historical data rather than justification of the actual business needs. Therefore, actual overtime cost meeting budgeted overtime has been an indicator of success when in fact; the overtime may not have been requisite if processes had been reviewed for efficiencies or the business rules that govern overtime decisions had been thoroughly examined.

Not all service areas have an overtime budget account line and therefore must use the funds from other budget lines to cover the costs associated with overtime when they are faced with staff absenteeism or peak workloads. These costs are not always transparent in the financial reporting for these areas and thus, not easily tracked. The use of temporary

staff as opposed to overtime is often appropriate but these costs are also not easy to identify.

The audit also examined the use and cost of overtime banked and taken as time off in lieu of cash. *The loss of productive time when an employee takes time off is quantifiable in terms of costs but this is not transparent in the financial reporting for each area.* Using KRONOS data, the audit findings indicate that banked overtime accounts for more than \$574,000 for the period from January 1, 2013 to August 31, 2013. Annual costs will likely reach \$850,000. An additional \$500,000 was accrued for 2012 in "unused time banks" and 2013 figures will likely be similar. When overtime must be used to cover these "lieu time" absences, the actual labour costs are increased as replacement workers are often paid at time-and-a-half.

There are significant variations in management practices with respect to overtime, lieu time and standby protocols. Even within the same collective agreement there are different interpretations and practices with respect to the scheduling of work and standard hours. In some areas, managers have made "arrangements" with their staff and other staff are frustrated by these inequities. Employee engagement is negatively impacted when conditions are perceived to be unfair. Details concerning the collective agreements and in-depth analyses are presented in the "Collective Agreements" section of this report.

The audit has identified that attendance management is a significant issue in many areas of the organization contributing to high overtime costs. In some service areas, the daily absentee rate is as much as 25% of the workforce. Until recently, there has been little focus on this issue. A formal attendance management program was introduced by Human Resources in October 2012 to help management deal with chronic offenders and provide reports that identify pattern absences and possible abuse of sick leave. A detailed analysis by department is presented in this report under each department heading.

Corporate Financial Analysis

The first level of financial analysis taken by this audit is corporate wide. The chart below represents a 5-year history of overtime costs and standby pay for the City. The information is drawn from KRONOS reports developed by payroll staff in Human Resources for the specific use of this audit.

As a percentage of base salary & wages, overtime costs have clearly risen over this 5-year period.

Overtime Costs - 5-Year History				
YEAR	BASE SALARY & WAGES	OVERTIME	STANDBY	OT % of BASE
2009 Total	\$ 77,418,245	\$ 2,726,364	\$ 165,595	3.52%
2010 Total	\$ 77,844,447	\$ 2,353,306	\$ 165,831	3.02%
2011 Total	\$ 84,676,851	\$ 3,021,705	\$ 165,751	3.57%
2012 Total	\$ 89,209,331	\$ 3,622,356	\$ 172,514	4.06%
2013 YTD Total	\$ 57,288,773	\$ 2,921,308	\$ 127,704	5.10%
2013 Full Year Forecast	\$ 82,750,450	\$ 4,219,667	\$ 184,462	5.10%

These figures do not include the costs of banked overtime taken as time off in lieu of being paid. These costs are shown below for the years 2011, 2012, 2013 year to date and 2013 projected for the full year.

Banked Overtime – Historical Actual Costs			
DOLLAR VALUE OF BANKED OVERTIME – TAKEN IN LIEU			
2011	2012	2013 to August 31	2013 Projected Full Year
\$904,309	\$828,778	\$574,337	\$850,000

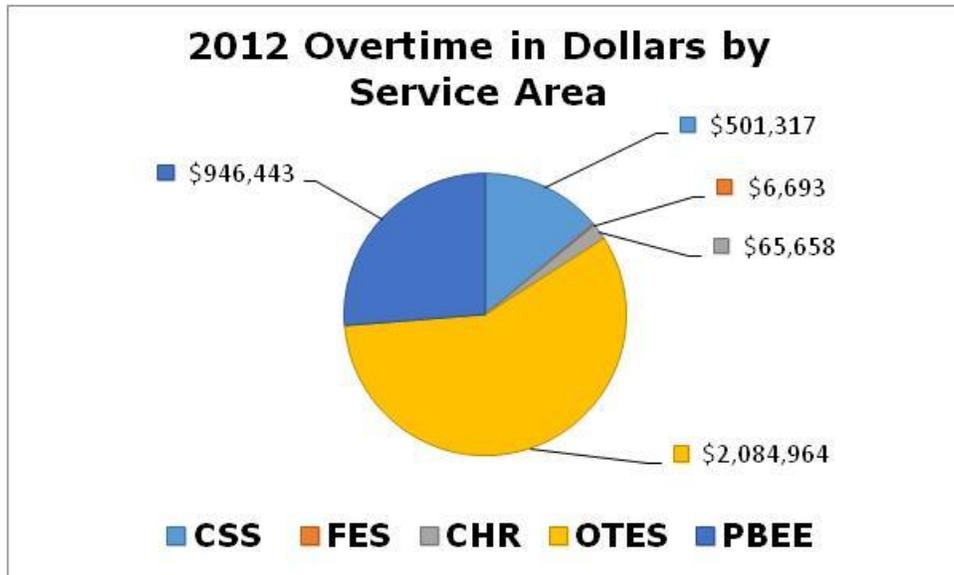
In total, overtime costs (cash and lieu time) for 2013 are projected to be \$5,069,667, or 6.1% of base salary & wages.

The chart below presents financial data comparing overtime costs actual to budget for the 8 months ending August 31, 2013.

OVERTIME ACTUAL TO BUDGET - AT AUGUST 31, 2013				
		YTD	YTD	YTD
		Actual	Budget	Variance
Service Area	Category	August	August	\$
CAO	Salary & Wages	\$ 780,100	\$ 764,829	\$ 15,271
	Overtime	\$ 2,184	\$ -	\$ 2,184
Operations, Transit & Emergency Services	Salary & Wages	\$ 29,018,668	\$ 29,392,707	\$ (374,039)
	Overtime	\$ 1,731,614	\$ 760,245	\$ 971,369
Planning, Building, Engineering, Environmental	Salary & Wages	\$ 12,468,483	\$ 13,225,616	\$ (757,133)
	Overtime	\$ 650,730	\$ 499,174	\$ 151,556
Community & Social Services	Salary & Wages	\$ 8,289,292	\$ 8,211,376	\$ 77,916
	Overtime	\$ 278,237	\$ 160,245	\$ 117,992
Corporate & Human Resources	Salary & Wages	\$ 4,822,077	\$ 5,496,628	\$ (674,551)
	Overtime	\$ 61,528	\$ 17,185	\$ 44,343
Finance & Enterprise	Salary & Wages	\$ 1,960,231	\$ 2,244,755	\$ (284,524)
	Overtime	\$ 2,137	\$ 10,050	\$ (7,913)
TOTAL SALARY/WAGES		\$ 57,338,851	\$ 59,335,911	\$ (1,997,060)
TOTAL OVERTIME		\$ 2,726,430	\$ 1,446,899	\$ 1,279,531
NOTE The figures presented in this chart will not necessarily agree with figures presented in other areas of the report taken from the payroll system. These discrepancies are the result of different cut-off periods and accrual reporting between Finance and the Kronos payroll system. They are reconciled throughout the year but will never reflect identical data on any given day.				

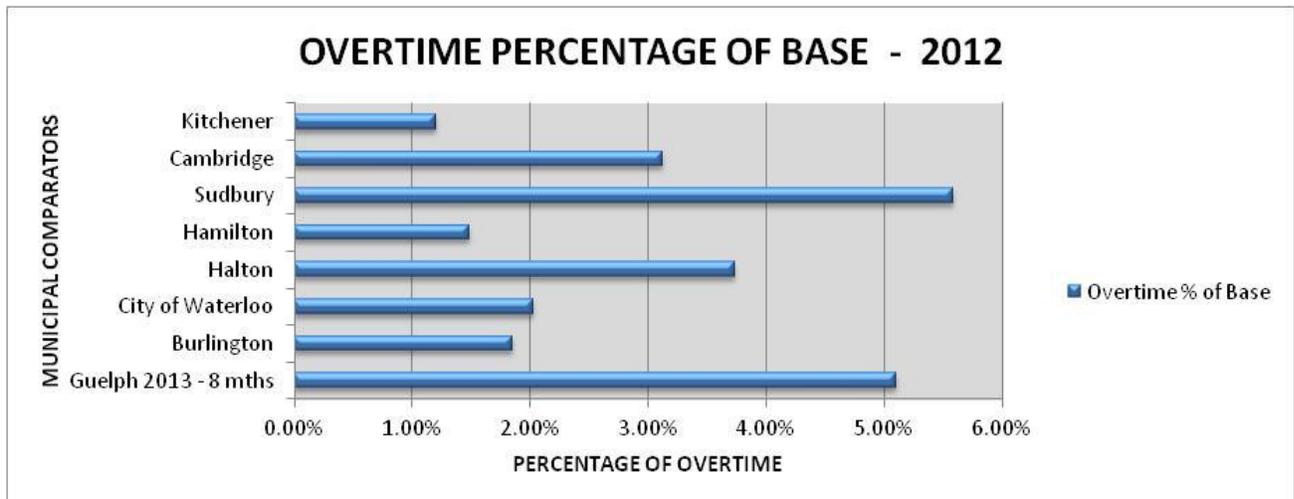
Financial projections based on the data available at the time of this audit forecast that the overall City budget may meet the salary targets while overtime will be over budget by approximately \$2.5 million.

The chart below illustrates overtime costs by Service Area for the full year 2012. Data from previous years show a similar proportional pattern among the service areas and are therefore not depicted.



Corporate Benchmarking

The following chart illustrates the municipal comparators gathered for this audit. Not all municipal and regional contacts were willing to share this data and therefore the analysis includes all single, lower and upper tier data that was available for 2012.



The following chart presents the municipal comparator data collected for this audit.

MUNICIPAL BENCHMARK DATA

	Total Salaries & Wages	Total Overtime	OT % of Base Pay	Total Standby	Standby % of Base Pay
Guelph 2012 Pop. 121,688	\$89,209,331	<u>Cash</u> \$3,622,356 <u>Non-Cash</u> \$828,779	4.06%	\$172,514	.19%
Guelph 2013 – 8 months	\$57,288,772	<u>Cash</u> \$2,921,308	5.10%	\$184,462	.32%
Full Year Forecast	\$82,750,449	<u>Non-Cash</u> 574,337	5.10%		
Full Year Forecast	\$4,219,666				
Burlington Pop. 164,415	\$72,086,085	<u>Cash</u> \$1,330,961 <u>Non-Cash</u> \$682,637	1.85%	\$444,933	.62%
City of Waterloo Pop. 129,100	\$43,915,540	\$889,278	2.02%	\$121,206	.28%
Halton Region Pop. 505,678	\$235,313,129	\$8,771,369	3.73%	\$881,396	.37%
Hamilton Pop. 535,234	\$533,300,330	\$7,898,743	1.48%	\$1,929,327	.36%
Sudbury Pop. 160,274	\$71,881,024	\$4,013,385	5.58%	\$228,312	.36%
Cambridge Pop. 132,900	\$44,658,942	\$1,393,432	3.12%	\$257,628	.58%
Wellington County Pop. 94,628	\$34,512,297		.61%		
Kitchener Pop. 234,100	123,482,679	<u>Cash</u> 1,480,728 <u>Non-Cash</u> 882,931	1.20%	247,607	.20%

Note that the full year 2013 forecast for the City is for cash paid out only.

This audit recognizes the value of comparators at an overall corporate level and not for specific departments or service areas because of differences in contracting out practices.

Timekeeping and Payroll Processing

The City uses KRONOS as its Work Force Management system. Departments (and individual sites or work groups as appropriate) do one of the following:

- Load a standard work schedule for each employee at the beginning of the year, requiring only that exceptions (sick time, leaves of absence, vacation and overtime) be recorded weekly
- Track daily time manually and administrative person enters into electronic time cards in Work and Asset Management [WAM] section of JD Edwards or workers enter time into electronic time cards directly to record time against work orders (Public Works, Building Maintenance, Fleet) to track and allocate labour cost or connect to other profession-specific information tracking requirements (Fire, EMS). This same information is subsequently either uploaded/rolled over or re-entered by timekeepers into KRONOS weekly.

Timekeepers are responsible for ensuring the payroll file is correct and spend inordinate amounts of time checking against manual master lists of employees with hand-written notations on it to ensure accurate and on-time pay for all employees in their group. This time involves checking with supervisors on exceptions, deciphering handwritten Overtime Certificates noting beginning and ending times and looking for standing rules regarding paying or banking overtime. Clearly the accuracy and timeliness of pay at the City has more to do with the diligence and experience of timekeepers than the systems and business processes in place.

Only paid overtime reported in the monthly financial reporting has visibility. It would be useful to periodically create a full picture of labour usage, perhaps quarterly, including paid overtime, time taken in lieu and overtime bank balances across the organization. This information is best reported from KRONOS.

Payroll staff is intimately familiar with existing policies and standard organizational practices. However they have no authority to ensure consistent compliance across all departments. On occasion, management within departments overrides the rules and instructs payroll to proceed, regardless. Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process transactions that are non-compliant.

It would also be helpful to know norms for overtime from other municipalities on an annual basis so that this information can be tracked and reported in the CHR Annual Report. This audit has provided a useful comparator base from which to begin this work.

There is little visibility for overtime and absenteeism considered together. In some service areas absences must be covered by fellow workers being paid overtime. If this information were easily available, reported regularly and acted upon by management, overtime costs would be reduced.

There is another practice that encourages the use of sick days. Available sick days are reported on pay stubs. Giving this balance visibility makes it more likely that it will reduce to zero by year-end.

This audit randomly accessed the hard copy payroll files for 2012 and 2013 for three departments and held extensive interviews with timekeepers in 5 departments to understand the detailed business processes associated with timekeeping and payroll processing. The hard copy file review was intended to support and illustrate the overall

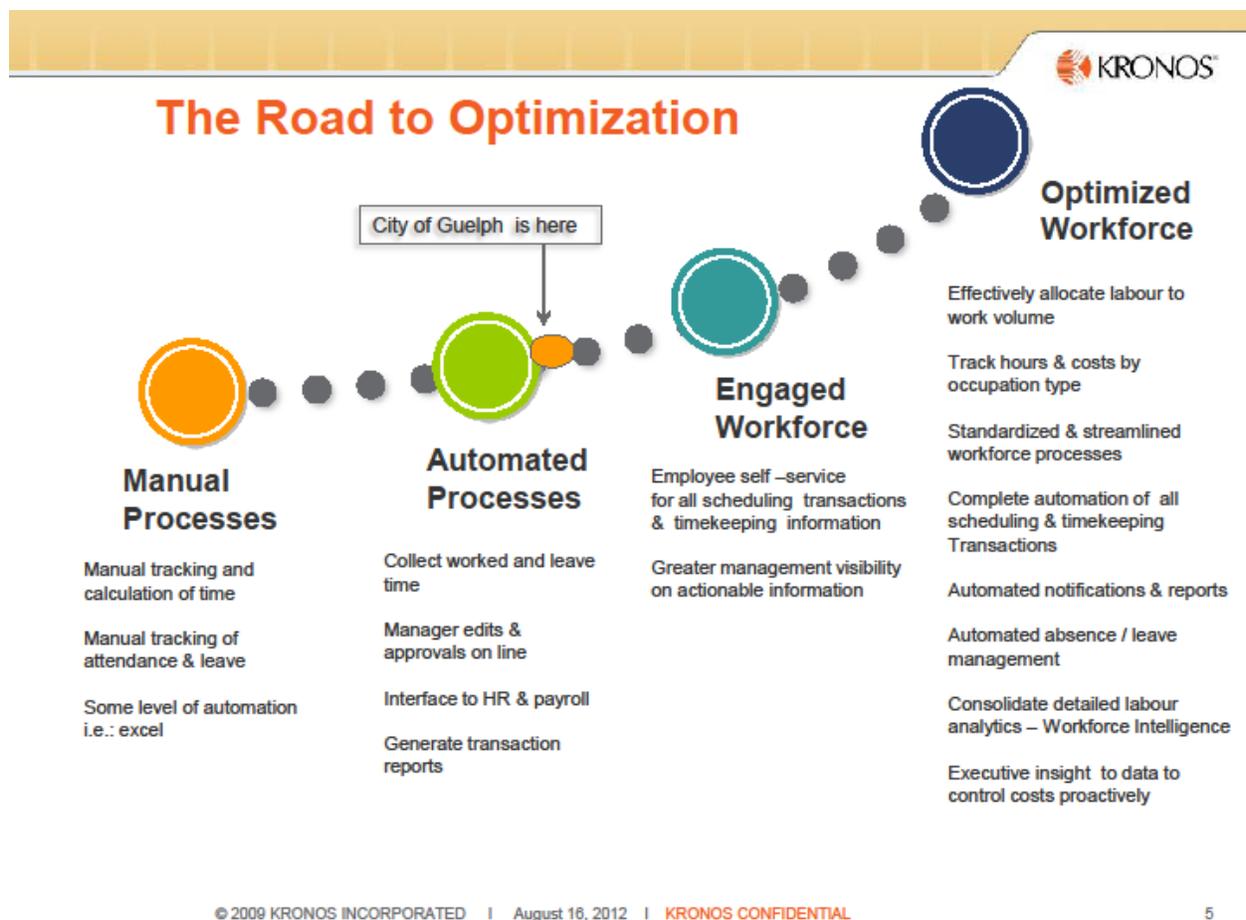
messages received during interviews about the procedures followed. It became clearly apparent during the field work that any type of compliance audit would be extremely time-consuming. In one site visit a two hour time period yielded review of the hard copy file for only two weeks in each of the years under review.

The City engaged KRONOS in August 2012 to undertake an Optimization Analysis with respect to the City’s use of the KRONOS timekeeping and payroll processing system. The resulting analysis describes the current reality as “tactical”. 195 timekeepers use manual paper based processes to conduct their activities. KRONOS concludes there are significant opportunities to improve business processes.

Many hands touch the activities associated with payroll. In addition to the 195 timekeepers (each spending from 15% to full-time on this work), supervisors and managers spend time doing activities associated with informing timekeepers of the hours of work or exceptions to a standard schedule for employees. Clearly there are business improvement opportunities with the likely outcome of efficiency gains and improved quality of payroll outcomes.

KRONOS identified the ideal future state for the City’s timekeeping and payroll processes.

The slide below describes how the City can move to an optimized future state.

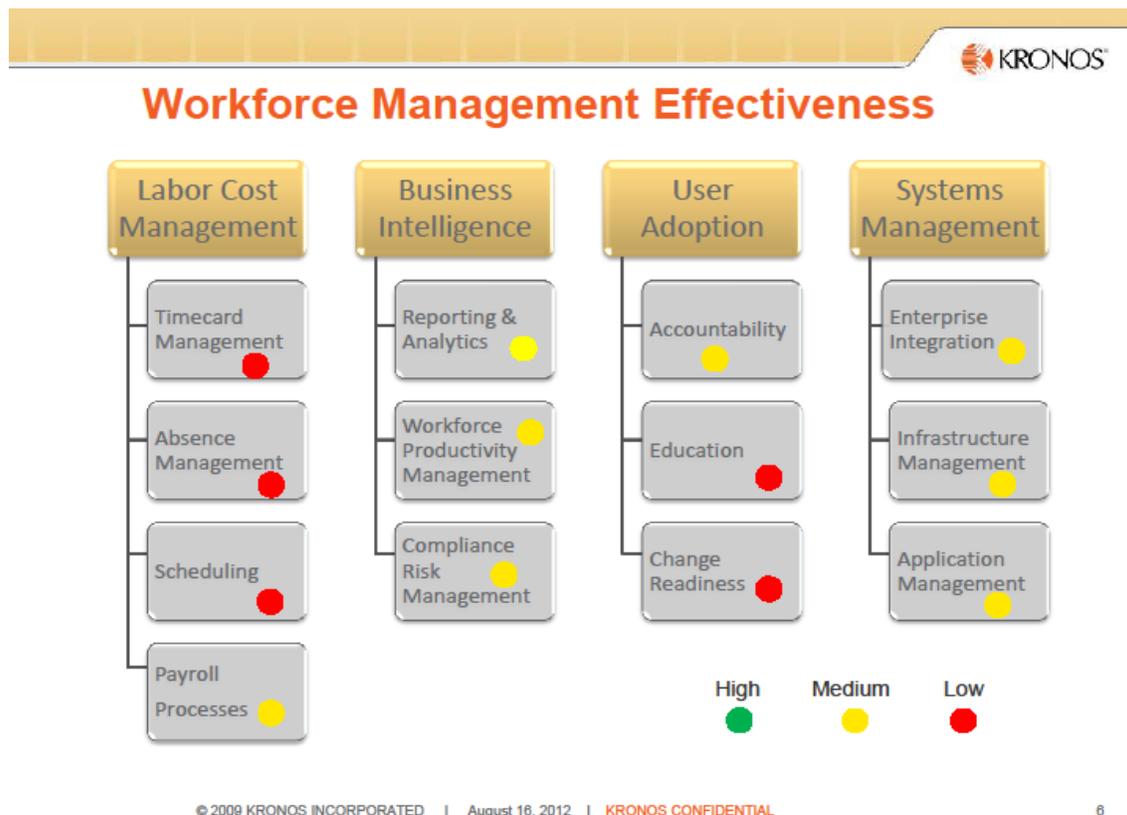


After additional automation and system improvements have been implemented, it will be possible to save some of the time currently spent by managers, supervisors and timekeepers. Conservatively focusing only on the time currently spent by Timekeepers,

significant savings are possible. If we assume that 195 timekeepers could save approximately 15% of their time through centralized or improved payroll processes, there are potentially significant savings or the opportunity to redirect substantial dollars for better use. Even if Human Resources requires additional resources to assist with new processes, net savings are evident.

It must be noted that *these potential savings cannot be realized* until the City has achieved the "Optimized Workforce" phase as defined by the Kronos report recommendations.

This audit has noted repeatedly that management does not have comprehensive labour-use data, readily available and easily visible upon which to make operating decisions. The slide below from the KRONOS report explains the impact of current KRONOS system usage effectiveness on management's work.



With poor support from the tools with which to manage labour costs and only medium (and arguably rated too high) effectiveness of business intelligence tools, management is handicapped in performing one of its essential tasks.

To illustrate the difficulty in accessing this data and running Kronos reports for the purpose of this audit, the auditor had to enlist the services of payroll staff after hours and fund the overtime costs from the internal audit budget. Management faces the same challenge in both system training and staff capacity to create and manage this complex data and fully utilize the system.

Collective Agreements

The workforce at the City of Guelph is represented by six union locals:

- CUPE 241 – essentially outside workers in Public Works, Corporate Building Maintenance, Recreation Facilities, Solid Waste Material Recycling Plant
- CUPE 973 – essentially inside workers across many City departments
- ATU 1189 – Guelph Transit workers
- GPFPA – Fire department workers
- OPSEU – EMS department workers
- IATSE 357 – stage technicians at River Run Centre and Sleeman Centre

Exempt workers are known as NUME (non-union management exempt). In total, seven sets of policies, rules, procedures or guidelines with respect to overtime and standby pay apply to the City's workforce. Within the Collective Agreements for CUPE 241 and CUPE 973 there are variations for different departments, sites or classes of employees creating additional complexity and variation in the applicable rules.

There is no centralized corporate oversight to ensure consistent application of the rules governing the City's seven employee groups. There is also little oversight in service areas or departments, leaving individual managers and supervisors to make interpretations and judgments based on one of the following:

- Specific business requirements
- The history of "how we do things around here", or
- The strength and tone of the supervisors' relationships with employees.

It is not surprising that employees look at how other employees within their own department and in other departments are treated and perceive lack of consistency and unfairness.

During interviews across the Corporation, we identified many examples of practices, apparently drawn from collective agreements or policies that were perceived to lead to unnecessary overtime costs. These can be sorted into three kinds of practices:

1. Clearly result from clauses and phrases found in one of 6 collective agreements and the NUME policy
2. Appear to result from interpretations or "loose" applications of clauses and phrases found in one of the 6 collective agreements and the NUME policy
3. Bear no relationship to clauses and phrases found in one of the 6 collective agreements and the NUME policy

Following are some of the examples cited of each type of practice.

1. Clearly result from clauses and phrases

- Specific language identifying regular hours or shifts and therefore providing boundaries for when overtime will commence. There is no doubt that the more flexible the definition of regular hours, the lower the overtime costs the City will incur. Significant numbers of programs and services are delivered to residents outside the traditional 8:30 to 4:30 weekday hours. Better aligning regular hours with the business requirements of programs and services will support residents' service level expectations.

The City of Cambridge has recently negotiated a contract to provide for shifts commencing and ending anytime between 5:00am and 1:00am. Pursuing shift schedules mutually agreed between employees being hired and the City would assist with the alignment of staff availability and the business process requirements of residents.

CUPE 241 and CUPE 973 collective agreements both identify specific changes in working schedules for specific departments or classes of workers. These schedules do not apply across the City. In some instances, such as Information Technology support for after regular hours Council and Committee meetings, there is a specific Letter of Understanding requiring these hours to be considered overtime rather than a shift in working schedule. Further demonstrating the lack of consistency across employee groups, staff from Clerk's attending these same meetings do not receive overtime pay.

- Transit workers call in sick during the week and claim "sick no pay". They then work a shift later in the week that was not their scheduled shift and claim overtime even though they have not worked the regular 40 hours in the week.
- All collective agreements explicitly permit banked overtime to be taken off as time in lieu, unintentionally resulting in overtime costs being much less visible to decision makers because they do not automatically receive regular KRONOS reports.

2. Interpretations or "loose" application of clauses and phrases

- Sorters in the Solid Waste Material Recovery Plant or Transit Drivers being paid overtime in the same week that they have taken vacation or personal time off and not worked a full 40 hour schedule. This should be examined carefully in the language of the collective agreement to validate the current practice.
- NUME Managers make decisions for their work unit whether to apply the 2.0 hour rule for classes 5-6. Some Executive Directors have approved standby pay of classes 7-14, explicitly against the NUME policy.
- CUPE 973 rules for Community and Social Services have long been understood to permit longer hours to be worked one day with a shortened work day occurring later in the same week. This interpretation is not clear in the collective agreement (indeed seems to specify hours to be between 7:30 am and 5:00 pm week days unless agreed by Manager, employee and the union) and the union is questioning these practices. The City is currently addressing this matter with the union and has negotiated hours of work outside the collective agreement language in Recreation facilities. Significant overtime cost implications could result if this practice were to be changed.
- Collective agreements expressly identifies management role in deciding when overtime is required. Some departments require management (usually Supervisor or occasionally Lead Hand) to approve overtime required in advance but many do not, either because philosophically they believe workers can decide for themselves, or they believe their subsequent signoff of payroll in KRONOS on Mondays is sufficient or because they pay no attention to this perceived administrative detail.

3. Bear no relation to clauses or phrases

- CUPE 241 facility operators have long understood that whoever works the long weekend also has priority to work the statutory holiday Monday with its commensurate compensation.
- Transit drivers call in "sick no pay" and claim overtime shifts later in the same week. There is no language in the collective agreement supporting the practice of "sick no pay" and the City has informed the union of this.
- NUME requirement to carry a City issued communications device and the expectation to respond to after regular hour's calls is not supported in policy.
- Maximum overtime banks identified in all collective agreements do not explicitly state that the maximum is a one-time annual limit. Actual practice across the City is to assume the overtime banks are rolling, permitting substantial amounts of overtime to be banked and productive time to be lost as time is taken off in lieu. Such lieu time may be convenient during a "quiet" time for service but may also result in other workers receiving overtime pay to cover the lost time.
- Many departments use casual or part-time workers to accommodate both base load work requirements (seasonal such as parks and recreation) and to handle what would otherwise be overtime for full time staff. Although ATU and OPSEU specifically address the use of part-time workers, the other agreements and NUME policy do not.

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EMPLOYEE UNION GROUPS – SUMMARY OF OVERTIME CONDITIONS

Union	Std. Hours	Overtime	Exceptions	Standby	Max. OT Bank	OT Assignment Process
CUPE 241	40	1 ½ times first 6 hrs; 2 times thereafter & Sunday	If no notice or unacceptable reason for absence, no O/T pay until 40 hours reached	\$1.25 + communication device + Vehicle	40 rolling	Rotation
CUPE 973	35 & alternate work schedules available for some departments only	1 ½ times; 2 times Sunday		\$1.25 + communication device + City Vehicle	70 rolling	
ATU 1189	40	1 ½ times over 40 hours, or in excess of 10 hours per day or on scheduled day off			40 rolling	Monthly OT Request form completed and "marks" system applied; Fleet follows seniority
GPFFA	7 X 24 every 4 weeks = 42	1 ½ times no less than 4.0 hours for call backs, training, meetings, etc			84 rolling	Rotation by Platoon
OPSEU	40 or 42	1 ½ times for call backs for minimum 40 hours and after 80 or 84 every 2 weeks		\$3.00	42	Seniority
NUME	35	Gr 1-4 1 ½ times; Gr 5-6 1 ½ times after 2 hours; Gr 7-14 one week in lieu	No O/T for phone from home, working through lunch	\$1.20	70 Gr 1-6	Position specific and rotation
IATSE	Minimum call is 4 hours	2 times between 24:00 & 8:00; 1 ½ times for load outs 1 ½ times after 40 hours per week or 8 hours per day				

Corporate Key Findings and Recommendations

The audit has identified the following corporate-wide findings and recommendations. They have been grouped with similar or related findings and recommendations under overall theme headings.

FINDING	RECOMMENDATION
Leadership	
The "tone at the top" does not support the management of overtime and standby pay.	1. Reset the tone at the top and commit to making overtime cost reduction one of the primary priorities for the ET in 2014.
Management does not typically monitor actual overtime costs, overtime hours or the overtime bank during the year. Many General Managers do not have sufficient free time to "manage" their business units. As the Organizational Assessment recommended, fewer meetings and administrative duties would provide all managers more time to attend to their core duties.	2. Implement the recommendations from the Organization Assessment Report related to the use of management resources and hold managers accountable for monitoring and controlling their overtime costs.
Managers across the corporation are not held accountable to manage employee attendance and overtime.	3. Managers need to be held accountable for implementing the attendance management program and these results should be visible to the ET on a regular basis.
Managers across the corporation do not use KRONOS reports regularly to manage their businesses.	4. Implement the recommendations found in the Kronos Optimization Report and centralize the creation and distribution of management reports.
Some departments ignore the existence of rules such as incurring paid overtime expenses when the department budget has no overtime budget account line. These Managers understand their accountability is to manage to a bottom line and not within individual budget lines.	<ul style="list-style-type: none"> • See recommendation # 8
There is no corporate-wide visibility for the quantity of productive time lost due to time taken in lieu of overtime pay.	5. Costs of lieu time taken should be transparent in the financial reporting for each service area.
Overtime is routinely approved after the fact without specific business requirements.	6. ALL overtime should be approved by Supervisor, Manager, or Executive Director in advance.

Corporate Culture	
The requirement for NUME class 5-6 to “donate” the first two hours of overtime each week is perceived to be unfair and creates difficulty attracting candidates for call outs	7. Eliminate the two-hour rule.
The rules that govern overtime and standby pay are different among employee groups. The same rules for a given employee group are interpreted differently in different departments.	8. The overall objective, within the constraints of the collective agreements, should be to achieve consistent practices within employee groups. Management should commit to consistent practices within employee groups.
There is no corporate-wide standard agreement on the overtime hours expected and paid in base compensation for management roles over and above those expected in exchange for one week additional vacation time.	9. Ensure that base pay differentials at the management level accurately reflect expectations for emergency call outs and after hour availability.
There is a commonly held perception across the corporation that service level standards are expected to remain high without the commitment of necessary resources.	<ul style="list-style-type: none"> • See recommendation # 13
There is no corporate-wide understanding that support departments, such as Payroll, have the authority to enforce both Council and Corporate policies. Executive Directors overrule policies to accomplish the objectives of their service areas.	10. Once corporate-wide deviations in overtime practices have been addressed and clear policies and rules are in place, payroll should have the authority to escalate these issues and refuse to process the transaction.
There is a general belief across the organization that policies approved by the Executive Team (not by Council) are guidelines only. The ET is not serving as a mechanism to ensure consistent adherence to policies.	11. The ET should commit to uphold corporate policies
There is a corporate-wide perception that employees doing user-fee based work have more latitude in overtime practices.	12. The corporate-wide overtime policy should address this practice specifically.
Policy	
There is no corporate-wide policy, set of procedures or operational practices with respect to overtime and standby pay. There are no high level values statements, principles or guidelines that would provide direction to managers making decisions with respect to overtime and standby pay.	<p>13. Create a corporate-wide policy for the use of overtime and standby pay as tools for managing the City’s business.</p> <p>14. Implement a zero-based target approach to overtime for 2015.</p> <p>15. Use 2014 as a trial period to test and refine service level standards and overtime rules.</p>

There is no corporate-wide policy to identify expectations for after-hours response by those carrying corporate communication devices such as Blackberries.	16. Develop a corporate-wide policy that defines which staff are required to respond to after-hours business and whether the base salary and collective agreements reflect this expectation.
There is no corporate-wide labour relations strategy to negotiate changes to collective agreements to reduce overtime costs.	17. Develop a corporate-wide labour relations strategy with short and long-term objectives to reduce overtime costs.
There is no corporate-wide policy or criteria to guide the use of casual or part-time staff to accomplish City work.	18. Develop a corporate-wide policy that sets out the criteria for the use of casual and part-time staff to accomplish City work.
There is no corporate cap on time banks or time in lieu.	19. Establish an annual one-time limit for banked overtime.
Systems and Processes	
There are no corporate-wide targets for overtime pay as a percentage of base pay, either based on history at Guelph or considering municipal comparators.	20. Establish a baseline overtime target of 2.5% of base salary and wages for 2014. Mechanisms to achieve this could include establishing a reserve fund from the projected savings and drawing down actual, valid overtime costs.
There is no corporate-wide system or requirement to identify a baseline labour requirement to accomplish the agreed service level standard and other work plan priorities for the department. As a result, overtime is used to accomplish baseline work.	21. Develop a business model that identifies service level standards, baseline labour requirements and drivers for overtime in 2014 in order to establish the overtime target for 2015.
There is no reporting mechanism to provide a single view of all the labour costs being incurred at the City i.e. base pay, overtime paid, overtime banked and taken in lieu, part-time/casual and contractors.	22. Create a tracking and reporting system that makes all sources of overtime drivers visible to management.
Not all service areas have an overtime budget account line.	23. Every service area should have its own overtime budget account line so that financial reporting enables visibility and control.
There is no corporate-wide time-keeping process. Individual departments and City locations use their own forms, procedures, processes and systems to input to the City's payroll system.	<ul style="list-style-type: none"> • See recommendation # 25
There is no tracking system to report the frequency of overtime drivers such as weather, equipment breakdown, complaints, accidents etc.	24. Departments should track annual frequency for overtime drivers relevant to their business units.
Timekeeping and payroll processes are sub-optimal resulting in substantial inefficiencies and quality concerns.	25. Implement the recommendations found in the KRONOS Optimization Report.

COMMUNITY AND SOCIAL SERVICES

CSS Current Environment / Interview Summary

Community and Social Services comprises Corporate Building Maintenance, Administration and Customer Service, Community Engagement and Social Services Liaison, Arts, Culture and Tourism and Parks and Recreation. There are no service area wide policies or practices with respect to overtime and standby pay. Different departments have different business drivers resulting in overtime pay including time sensitive programming in facilities such as River Run Centre, weather-dependent work in parks and seasonally intense work such as recreation.

CSS Corporate Building Maintenance:

Overtime is usually scheduled if maintenance work that is required will disrupt City operations from 8:30 to 4:30. Public events also trigger overtime.

Staff is represented by CUPE 241. Collective agreement rules are followed when scheduling staff for overtime hours. Overtime hours are recorded on an Overtime Request Form.

Management is working to improve the completeness of the information provided on the form regarding the work task completed during the overtime hours.

NUME staff occasionally has overtime hours supervising after hours work. They bank this overtime after the first two hours every week at 1.5 times rate. There is no overtime budget for NUME staff and they draw down the overtime bank with time off in lieu.

All overtime is approved in advance by a Director. Supervisors approve overtime in KRONOS each week.

CSS Corporate Building Maintenance - Opportunities for Improvement

No specific opportunities for improvement were identified.

CSS Administration and Customer Service (including Service Guelph)

Staff provides service at the Customer Service Counter at City Hall as well as completing administrative tasks for the CSS service area.

Workers (14) are represented by CUPE 973. The agreement allows changes in shift scheduling to accommodate extended hours beyond 8:30 to 4:30. Staff learned that workers in other departments are not required to shift their schedules and are paid overtime for the extra evening hours. As a result, management has decided to permit staff to choose whether to shift their work schedule or to book overtime hours and that they can choose whether to be paid for the hours or bank them to take time off in lieu.

NUME (3) staff often handle escalation of customer service issues during the day and require extra hours to complete other supervisory tasks. They bank hours in KRONOS up to a maximum of 70 hours and beyond 70 hours management makes a note on the calendar. NUME staff must take the overtime as time off in lieu because there is no overtime budget. This creates a problem with perceived fairness amongst staff since 973 staff can be paid for

overtime. Staff also believes it is unfair that they cannot bank the first 2 hours of overtime worked each week.

Casual staff is used cost effectively to help with workload. Since much of the full time work can easily be accomplished by casual staff, it is likely they will be used more frequently in the future.

Overtime is approved in advance. Actual overtime cost is monitored against the budget every month but KRONOS reports are not reviewed or monitored regularly. If Human Resources ran the reports and distributed them, it is more likely they would be reviewed regularly.

CSS Administration - Opportunities for Improvement:

It is inefficient to have staff working standard office hours 8:30 to 4:30 when programs and services would more effectively serve residents with evening and weekend hours.

CSS Community Engagement and Social Services Liaison:

Work in the community during evenings and on weekends is the most frequent driver of overtime.

Staff is represented by CUPE 973 and CUPE 241. The 973 Collective Agreement allows for shift changes to meet the frequent requirement for community meetings in the evenings. There is no budget for overtime and NUME staff bank any overtime hours after the first 2 hours every week and take the time off in lieu. Overtime is approved in advance but is not subsequently monitored in KRONOS.

CSS Community Engagement and Social Services - Opportunities for Improvement

It is perceived to be unfair that staff must "donate" the first two hours of overtime every week. There should also be a policy to define who must be available by Blackberry afterhours and ensure compensation for the position reflects this requirement.

CSS Arts, Culture and Tourism

Programs and Services are provided to residents, often in the evenings and during weekends both inside City owned facilities (River Run Centre, Sleeman Centre, and Guelph Museum) and externally in the downtown (Market Square).

Revenue is generated when public spaces are booked for use by private groups. Staff who work overtime during these bookings are helping to generate additional revenue for the City.

The Sleeman and River Run centres often incur overtime which revolves around major events. Technical staff and management typically carry and respond to Blackberries without standby pay but overtime costs (time in lieu) can be significant. In 2012 several staff took over \$3,000 in lieu time.

CUPE 973 staff change their working schedules to accommodate evening or weekend hours as often as possible. If they do work overtime, they can choose to be paid or take time off

in lieu. There is a small overtime budget and staff prefers to take the time off in lieu during slower programming periods.

973 staff have to date balanced their time over a working week – working longer hours one day (for instance technicians doing set up and tear down at River Run Centre) and then beginning work later on another day. It appears the union is now requiring that the schedule shift occur in one day, resulting in overtime.

The Sleeman Centre has CUPE 241 staff.

Using casual staff is a very effective means of minimizing overtime hours.

The first choice in scheduling work is changing the shift schedules. Secondly, casual staff will be assigned and overtime for full time staff is a last choice.

Previous years' actual experience for events and programs helps to establish current year budgets. Actuals are monitored every month by Managers.

CSS Arts, Culture and Tourism - Opportunities for Improvement

Collective Agreements offer a longer term opportunity to better match regular work hours with service level standards and the time and day of the week for programming schedules.

The flexibility in the CUPE 973 agreement to change shift schedules is a tremendous benefit in reducing the need for overtime.

Cross-training would help reduce overtime costs where unique skills are concentrated in a few areas such as electrical, heating and air-conditioning and lighting.

CSS Parks and Recreation:

Overtime fluctuations in Parks are mainly weather-related and unavoidable. Council-approved maintenance standards mandate that turf is cut on a 5, 10 and 15 day cycle and waste receptacles are emptied weekly. Inclement weather forces staff to work overtime in order to maintain these service standards.

Equipment break-downs are another significant driver of overtime in Parks. Trucks, mowers and tractors may be down for a significant period of time and staff is expected to work overtime to resume the maintenance schedules.

Staff tenure is another factor impacting overtime in Parks and many other service areas in the City. With many long-tenured staff taking 5-6 weeks' vacation, lieu time that is not capped annually and short-term illness due to the aging workforce, management is challenged to balance workload and capacity without the use of overtime.

Staff is represented by CUPE 241 (facility operators) and CUPE 973. Some historic practices should be resolved and encoded in policy. For example, if staff work in a facility and work a long weekend, they are entitled to the overtime shift for the statutory holiday Monday.

Facility operators prefer to bank their overtime and take time off in lieu. Because the maximum overtime bank can be depleted and then built up again, there is a considerable issue in having enough available hours to fill the schedule when they are needed.

NUME staff follow the rules provided for NUME staff corporate wide. There are no different interpretations in this service area although staff is aware this is not the case across the corporation.

Each facility and work group follows their own practices. One recreation facility requires the Manager to approve all overtime in advance and a second facility does not follow this practice. Casual staff is used to cover scheduled peaks in service for tournaments.

CSS Parks and Recreation - Opportunities for Improvement

There needs to be a corporate resolution about who is required to carry and respond to a Blackberry call after hours.

Altering the CUPE 241 agreement to set a one-time annual limit on banked overtime and required any remaining to be paid out would result in a significant reduction in overtime taken in lieu. This applies to ALL service areas with CUPE 241 staff.

Establishing eight-month instead of six-month contracts would better match workload.

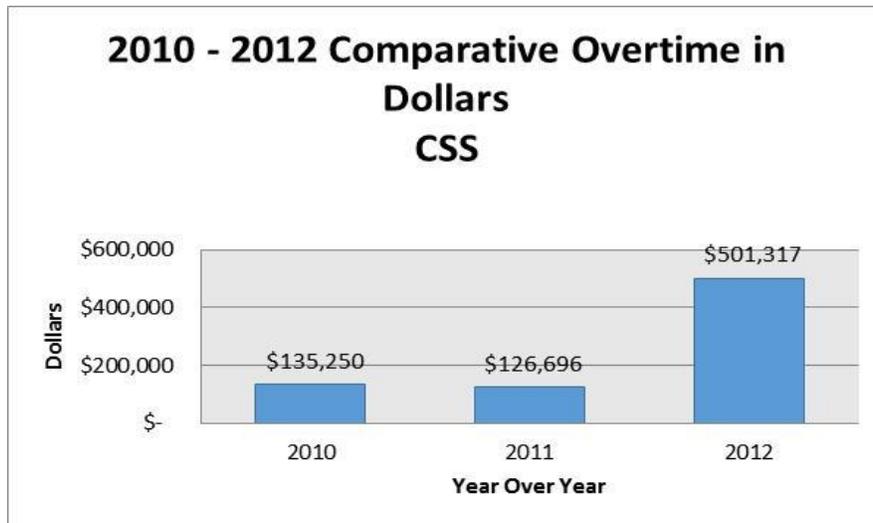
This department is working with Public Works to discuss the potential to create a full time complimentary work cycle to increase full time roles and reduce the significant effort expended each year to hire seasonal workers.

Being able to change shift hours for CUPE 241 workers in facilities would reduce overtime costs. The City of Cambridge has recently agreed to three shifts running between 5:00 am and 1:00 am.

Setting a threshold for part-time hours that would automatically trigger a request for a new full- time position would also help to bring a focus on the use of overtime versus regular time.

CSS Financial Analysis

The chart below shows the 3-year historical costs of overtime for the CSS service areas with the highest overtime usage. 2012 figures reflect the first full year after organizational restructuring that moved Parks to CSS, from Public Works.



The chart below presents a 4-year history of overtime costs for CSS.

OVERTIME - HISTORICAL COMMUNITY AND SOCIAL SERVICES					
	Overtime Hours	Service Area/Department	Base Salary	Overtime	OTas a % of Base Salary
2009	905	REC. FACILITIES	\$ 2,528,292	\$ 63,860	2.5%
2010	502	REC. FACILITIES	\$ 2,332,658	\$ 14,410	0.6%
2011	466	REC. FACILITIES	\$ 2,525,786	\$ 12,320	0.5%
2012	525	REC. FACILITIES	\$ 2,548,780	\$ 58,187	2.3%
2009	2,044	PARKS	\$ 2,190,108	\$ 85,228	3.9%
2010	2,048	PARKS	\$ 2,111,664	\$ 55,773	2.6%
2011	4,705	PARKS	\$ 2,612,771	\$ 156,794	6.0%
2012	5,615	PARKS	\$ 2,637,986	\$ 231,392	8.8%
2009	2,247	SLEEMAN & RIVER RUN	\$ 2,106,377	\$ 101,294	4.8%
2010	1,392	SLEEMAN & RIVER RUN	\$ 1,958,682	\$ 79,856	4.1%
2011	2,036	SLEEMAN & RIVER RUN	\$ 2,033,527	\$ 61,213	3.0%
2012	3,095	SLEEMAN & RIVER RUN	\$ 2,042,035	\$ 129,959	6.4%

CSS Key Findings and Recommendations

FINDING	RECOMMENDATION
Admin/Customer Service – Follows practices for overtime that are not consistent with NUME policy and the CUPE 973 policy.	26. Management should commit to adhering to rules governing employee groups.
Arts/Culture - Standard office hours result in overtime costs in order to support after-hour and weekend programming.	27. The City should develop a long-range labour relations strategy to support CSS programming and services to align workers' schedules with customer service requirements.
Arts/Culture - There is confusion about the interpretation of approved work schedules for CUPE 973 staff in CSS.	28. Resolve this with staff and union.
Arts/Culture - Unique skills concentrating in a few individuals results in overtime costs.	29. Consider cross-training staff or using external contractors.
Parks/Rec – Some overtime practices are followed that are not entrenched in policy such as assigning overtime for statutory holiday Monday shifts.	30. Management should commit to adhering to rules governing employee groups.
Parks/Rec - Each facility and work site determines their own timekeeping and payroll practices e.g. whether to approve overtime in advance or not.	31. All overtime needs to be approved in advance.
Parks/Rec – There is no system to trigger cost/benefit analysis of adding new full time roles to reduce overtime costs.	32. Consider setting a threshold for overtime costs incurred beyond which cost/benefit analysis is required.

OPERATIONS, TRANSIT AND EMERGENCY SERVICES

Operations, Transit and Emergency Services comprises Public Works, Bylaw Compliance and Security, Guelph Transit and Emergency Services.

OTES Current Environment / Interview Summary

As of August 31st, the 2013 total OTES overtime costs are nearly \$2,000,000 comprising almost one-half of the City's total overtime costs to date. Transit accounts for approximately \$1,000,000 of this total with Fire, EMS, and Public Works accounting for the balance.

OTES Public Works:

The approximate overtime costs for Public Works as of August 31, 2013 are \$464,000. This includes Parking, Public Works, Fleet, Traffic and Forestry.

Fleet overtime is primarily driven by increases in the number of vehicles and equipment without increases in maintenance staff. This has been the case for several years and fleet mechanics represent over \$150,000 of the total overtime costs this year.

Public Works overtime is significantly impacted by weather-related emergencies. Storm clean-up and snow events require staff to respond on a 24-hour basis to meet established service standards. While City budgets have been set using historical data for winter control they are impossible to accurately predict.

150 full time and 20 part-time staff are represented by CUPE 241, CUPE 973 and ATU 1109. Supervisors have occasional overtime and this time is banked and taken as time off in lieu. Fleet follows a seniority list to schedule overtime. CUPE 241 uses a rolling list.

Management approves an overtime schedule in advance for snow and weather related events. Supervisors approve all other overtime.

OTES Public Works - Opportunities for Improvement

Although there are clearly service level standards and weather conditions that drive the need for overtime, it is also the case that staff doing these jobs come to expect some level of overtime pay as part of their total compensation.

The primary concern in this area is the lack of tracking systems to analyze resources, hours, and events that support overtime decisions. This issue is not limited to Public Works as very few service areas have developed these systems or done this type of analysis.

OTES By-law Compliance and Security:

Staff is scheduled 24/7/365 in two twelve hour shifts. They are on call for other departments as first responders. They are also required to support special city events.

A minimum of 2 by-law officers must attend to noise complaints. Overtime is often driven by unplanned absences when the shift complement drops from 4 people to 2.

This department is actively working with the new attendance management program.

Overtime is also driven by the need to attend court on scheduled days off and the need to complete a call beyond the end of a shift. Specialized skill sets and knowledge in one instance results in overtime whenever the position incumbent returns from time away from work.

Staff is represented by CUPE 973. Officers are able to trade shifts among themselves.

When overtime is required, the first choice is to call a contract security company as this is least expensive. The second choice is to draw on the part-time pool of security staff. This pool is increasingly difficult to maintain and the department is working with Human Resources to redesign these roles to make them more attractive to candidates seeking an intermediate step to a full time position. The last choice is to provide overtime to full time staff using a rotation process.

OTES By-law Compliance and Security - Opportunities for Improvement

The department has dollar amounts in the budget line for contract security companies and for part-time staff but no budgeted amount in the overtime budget line. Inevitably the overtime costs show as over-budget and the part-time labour costs are under. Increased vigilance on attendance management and a larger part-time pool will help to control overtime costs.

Guelph Transit:

The service level standard is set by the bus routes, frequency of trips and hours of operation. Attendance management is the single largest issue that drives overtime. The daily average absenteeism can be 25%. The Transit Growth Strategy and changes in Fleet Maintenance have also been drivers for overtime.

It is the Auditor's opinion that this service area is facing critical overtime and attendance issues that are unacceptable. Employee actions with respect to absenteeism and overtime are not in the best interest of the City and are inconsistent with corporate values.

It is important to note that while a significant number of employees are contributing to these issues, not all transit employees are implicated nor should these comments reflect on them.

Staff is represented by ATU. Current practices include the following:

- Many drivers calling in as "sick with no pay" some as many as 40-50 days in one year
- Drivers may trade shifts with one another

- When drivers call in "sick", the "extra board" pool is not sufficient which results in full-time drivers working excessive overtime
- Pattern absenteeism is apparent with extra days being taken before and after statutory holidays
- Drivers call in "sick no pay" *and in the same week earn overtime*
- Drivers receive sign in and sign out bonuses during split shifts

New management has recognized that the current practices are unacceptable. Historically, there has not been any visibility for attendance or overtime monitoring and management.

These long-standing abuses of sick leave, absenteeism and overtime claims have resulted in a culture that supports behaviour bordering on misappropriation.

Until recently, financial reports were not being requested and management had not made attendance management or overtime costs a priority.

OTES Transit - Opportunities for Improvement

The collective agreement has no specific language sanctioning the "sick no pay" practice that exists at Guelph Transit.

New management is now beginning to direct timekeepers to code "sick no pay" with vacation or other available time banks for individual employees in accordance with the collective agreement. Anticipated grievances should ensure existing collective agreement clauses are implemented as intended. This should also stop the practice of paying overtime to drivers who have been absent during the same week until they have worked in excess of 40 hours.

Management is now aggressively pursuing attendance management to reduce the extremely high number of non-driving hours.

The culture and work ethic of this service area must be transformed through management accountability for improved employee relations, clearly defined performance expectations and control of operating costs.

OTES Emergency Services – Fire:

Staff work in four platoons. There is currently a Letter of Understanding with the union to trial 24 hour shifts. Overtime occurs when required training and vacation or sick leave bring platoon numbers below minimum staffing levels (from 39 to 28 in a platoon). A major event could also trigger overtime.

There is a clear procedure to follow when the duty officer identifies a minimum staffing situation. The first decision is which Platoon is eligible and then rotation is used.

This service area has a rigorous system for monitoring absenteeism and assigning overtime. Since before the formal attendance management program was introduced, management in this area has been actively dealing with pattern absenteeism and irregular attendance by meeting with employees and documenting these discussions.

The duty officer identifies the need to trigger overtime. Overtime may also be triggered by the Platoon Chief or on call Chief or Deputy Chief for major events. Overtime is approved in advance and is reported and monitored monthly by the Chief and Deputy Chiefs. All overtime is documented on a hard copy form that is signed by the Deputy Chief. Information from each shift is recorded in Firehouse (a recognized industry specific system that coordinates key information with the Fire Marshall's office). It is also recorded by administrative staff in KRONOS.

OTES Emergency Services – Fire - Opportunities for Improvement

A more rigid approach to vacation scheduling would enable management to better meet service levels without the use of overtime.

OTES Emergency Services – Guelph/Wellington EMS

There is a set schedule of staffing. Some ambulances are staffed 24/7, others are staffed 12/7 or 8/7. Overtime may result from shifts being extended because ambulance and staff are waiting to hand off a patient to hospital staff (15 minute increments) or from absences. Planned absences can be filled by part-time staff. When not available, full time paramedics are used.

OPSEU represents staff.

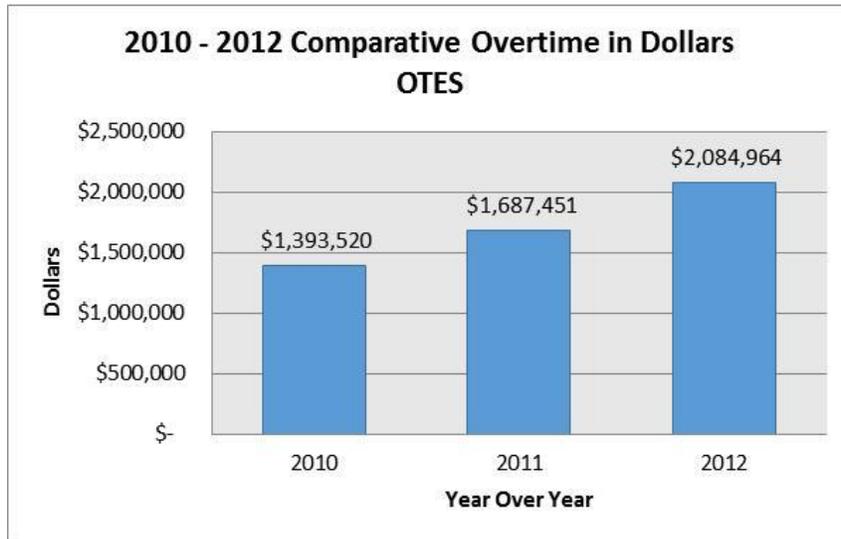
Overtime is not approved in advance when maintaining ambulance service to normal levels. For extended shift overtime a separate time entry is required. The Supervisor approves the entry after checking call logs to ensure overtime was required.

Management monitors overtime monthly and completes a comparison with other EMS services annually.

OTES Emergency Services – Guelph/Wellington EMS Opportunities for Improvement

Management is attempting to reduce overtime by more strictly enforcing the scheduling of vacations to ensure part-time staff is available to replace staff calling in sick. This will require discussions with the union.

OTES Financial Analysis



The chart above depicts overtime dollars spent in OTES over the last three full years. An upward trend is apparent.

The following chart presents a 5-year history of overtime costs in OTES.

OVERTIME AND STANDBY - HISTORICAL OPERATIONS, TRANSIT, EMERGENCY SERVICES							
	Overtime Hours	Service Area/Department	Base Salary	Overtime	Standby By	OT as a % of Base Salary	OT as a % of City OT Total
2009	11,630	TRANSIT	\$ 8,828,563	\$ 351,430		4.0%	12.9%
2010	11,713	TRANSIT	\$ 8,649,294	\$ 420,248		4.9%	17.9%
2011	11,380	TRANSIT	\$ 9,509,954	\$ 354,388		3.7%	11.7%
2012	19,043	TRANSIT	\$ 9,754,897	\$ 697,081		7.1%	19.2%
2013 - 8 months		TRANSIT		\$ 953,621			
2009	2,977	EMS GUELPH	\$ 3,202,013	\$ 180,314	\$ 7,691	5.6%	6.6%
2010	2,940	EMS GUELPH	\$ 3,528,274	\$ 163,371	\$ 8,613	4.6%	6.9%
2011	3,665	EMS GUELPH	\$ 3,644,900	\$ 171,169	\$ 6,274	4.7%	5.7%
2012	4,215	EMS GUELPH	\$ 4,060,001	\$ 259,855	\$ 6,199	6.4%	7.2%
2009	3,933	EMS WELLING.	\$ 3,230,725	\$ 211,261		6.5%	7.7%
2010	3,121	EMS WELLING.	\$ 3,508,718	\$ 144,236		4.1%	6.1%
2011	3,480	EMS WELLING.	\$ 3,729,625	\$ 157,422		4.2%	5.2%
2012	4,180	EMS WELLING.	\$ 4,004,453	\$ 252,398		6.3%	7.0%
2009	5,952	FIRE	\$ 12,259,996	\$ 326,662	\$ 11,491	2.7%	12.0%
2010	5,415	FIRE	\$ 12,307,112	\$ 302,277	\$ 12,449	2.5%	12.8%
2011	5,825	FIRE	\$ 13,688,924	\$ 325,056	\$ 12,449	2.4%	10.8%
2012	5,011	FIRE	\$ 14,801,789	\$ 304,660	\$ 8,507	2.1%	8.4%
2013 - 8 months		FIRE		\$ 372,701			
2009	6,517	OPS-PW&BYLAW	\$ 6,037,691	\$ 277,573	\$ 31,463	4.60%	16.3%
2010	3,534	OPS-PW&BYLAW	\$ 6,495,297	\$ 203,106	\$ 41,570	3.13%	16.4%
2011	6,803	OPS-PW&BYLAW	\$ 6,712,395	\$ 305,189	\$ 30,236	4.55%	10.6%
2012	6,893	OPS-PW&BYLAW	\$ 6,958,335	\$ 281,620	\$ 31,936	4.05%	9.1%
2009	1,058	OPS.FLEET	\$ 975,580	\$ 44,292	\$ 400	4.5%	1.6%
2010	1,719	OPS.FLEET	\$ 1,290,752	\$ 57,389	\$ 1,910	4.4%	2.4%
2011	3,138	OPS.FLEET	\$ 1,294,507	\$ 137,784	\$ 1,365	10.6%	4.6%
2012	2,843	OPS.FLEET	\$ 1,427,437	\$ 115,925	\$ 1,301	8.1%	3.2%
2009	2,674	FLEET-TRANSIT	\$ 1,422,331	\$ 88,270	\$ 1,555	6.2%	3.2%
2010	1,554	FLEET-TRANSIT	\$ 1,476,601	\$ 47,115	\$ 1,364	3.2%	2.0%
2011	2,362	FLEET-TRANSIT	\$ 1,447,292	\$ 79,646	\$ 624	5.5%	2.6%
2012	4,219	FLEET-TRANSIT	\$ 1,454,510	\$ 173,422	\$ 691	11.9%	4.8%

OTES Key Findings and Recommendations

FINDING	RECOMMENDATION
<p>Transit: It is the Auditor’s opinion that this service area is facing critical overtime and attendance issues that are unacceptable. Employee actions with respect to absenteeism and overtime are not in the best interest of the City and are inconsistent with corporate values and border on misappropriation.</p>	<p>33. Management should urgently develop and implement a 90-day plan to transform this business unit.</p>
<p>Bylaw/Security - Increased vigilance on attendance management and a larger part-time pool will help to control overtime costs.</p>	<p>34. Continue work with HR to redefine part time roles.</p>
<p>Public Works – In recent years the Fleet staffing budget has not kept pace with the increase in the number of City vehicles.</p>	<p>35. Do the cost benefit analysis to determine value of additional FTEs vs overtime costs.</p>
<p>Public Works – It is impossible to accurately budget for winter control.</p>	<p>36. Using data from the yet to be implemented reporting system for major weather events, re-establish contingency funds in a reserve to smooth overtime costs for winter control.</p>
<p>Emergency Services – Vacation schedules are creating unnecessary overtime.</p>	<p>37. Enforce rigorous scheduling of vacation time.</p>

PLANNING, BUILDING, ENGINEERING AND ENVIRONMENT

PBEE Current Environment / Interview Summary

Planning, Building, Engineering and Environment comprises engineering services, planning services, building services, waste water services, water services and solid waste resources.

PBEE Planning:

After reviewing data on overtime costs, this audit did not include Planning Services as their overtime costs are minimal.

PBEE Engineering Services:

Work is scheduled in accordance with the number of contracts and working hours allowable in the Noise Bylaw. Contractor schedules, workload and holidays create peaks in overtime required. Service level standards require Inspectors to directly supervise contractors.

Staff is represented by CUPE 973. Article 22 provides overtime rules. The general policy for NUME is that if the department is short staffed, other positions will "take up the slack".

PBEE Engineering Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Building Services:

Overtime is modest in this department. When it occurs it is due to absences and workload requirements that cannot be pushed back. This department is primarily funded through user fees. About half the overtime in any year is to support user-fee based work.

Managers must approve all overtime in advance, based on a business requirement that cannot be changed.

PBEE Building Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Waste Water Services:

Overtime is driven by after-hours calls received through the after-hours call centre provider, "Extend". Calls can be for sewer backups, spills and plant maintenance alarms. Because the department's work is guided by the Ministry of the Environment and a City bylaw that requires "any discharge to the environment" to be mitigated, there is a perception that every event must be considered serious, requiring trained staff to attend the event, even in the frequent cases when Public Works staff is also called in.

Within the City's Corporate Emergency Plan there is a "Spills Contingency & Release to the Environment Plan" (April 2010). This document defines non-reportable and reportable

spills, course of action for containment and clean-up, notifications procedures, as well as roles and responsibilities. Specific language in Section 3. B "Reportable Spill" states:

"Vehicle accidents that require containment, cleanup and / or disposal that the responding towing company is unable to facilitate".

The current practice is that EPOs are called to every spill and this may explain the significant difference in Guelph's overtime costs compared to other EPO divisions.

It would be prudent for management to review both the by-law and the relevant section of the Corporate Emergency Plan to confirm that current practices are appropriate, effective and efficient.

"Extend" contacts the on-call EPO directly when there is a "spills" event. The EPO is paid 4 hours on standby and when called out they receive 1 1/2 times the standard rate for the first 2 hours and then 2 times the standard rate after 46 hours. Overtime is not approved by a supervisor in advance. Total overtime for the EPO position accounts for 26% of the overtime in this area. In 2012 this represented \$51,952 and 2013 year to date is \$42,099.

The overtime costs for EPOs are a serious cause for concern. Some of these employees are presently earning 30% more than their base salary in overtime and in the past five years some have reached as much as 40% of their base salary in overtime earnings. No cost-benefit analysis has been conducted to determine if additional staff would be more efficient than using overtime or whether EPOs should be working shifts to avoid overtime costs.

It is instructive to consider comparator municipalities who also must meet stringent Ministry of the Environment requirements. The City of Hamilton employs 4 EPOs and they report that their overtime costs for last year were less than \$15,000 because staff works on rotating shifts. The Region of Halton employs 6 EPOs and they report that their overtime costs for last year were \$5,130.

The management rationale for these high overtime costs has been guided by the philosophy that the organization must mitigate *any possible risk*, however minor, in order to ensure the compliance with the Ministry of Environment legislation for this service.

There is also a perception by management that because a portion of these overtime costs are charged back to the party responsible for the spill, when possible to determine, that the City is not paying the costs therefore it is acceptable. In fact, the total recovery of overtime expenses for 2012 was less than \$10,000.

PBEE Waste Water Services - Opportunities for Improvement

The audit municipal comparator research indicates that other municipal wastewater operations have almost no overtime for their EPOs. What are we doing differently? How can we improve?

A cost-benefit analysis should be completed to determine whether additional staff is required to reduce overtime.

Management should research other wastewater operations in detail to evaluate their current service delivery model and assess whether staff should be working different shifts, changing the spill response criteria, training public works staff to handle minor spills or other changes.

Although management has business processes and decision-making rules in place (Environmental Protection Byand Corporate Emergency Plan), these should be reviewed and validated to determine the criteria for staff overtime. Management is planning to conduct a service level review to assist with these evaluations.

PBEE Water Services:

Service is mandatory 24/7/365. The majority of overtime is driven by severe weather extremes. When power outages occur, staff must attend on site at 22 facilities. Overtime is also related to repairing water main breaks. Because it costs more to repair a water-main break after hours, staff consider the public optics of letting a road flood or freeze before scheduling overtime.

CUPE 241 staff represents the majority of overtime.

Staff is represented by CUPE 973 and CUPE 241. For NUME staff, employees must work 2 hours before they are paid overtime.

Employees must have Supervisory approval before working any overtime. If an emergency occurs that requires overtime work without advance approval, the Supervisor must sign the overtime form after the event. Management screens all overtime and all after hours call outs. Overtime is assigned using a roster. All employees, including the General Manager and Managers are in rotation for call outs.

PBEE Water Services: Opportunities for Improvement

No significant opportunities for improvement were identified.

PBEE Solid Waste Resources:

The solid waste plant operates from 7:00 am to 6:00 pm. Flextime clauses in the contract support this working schedule. Eastview has a methane cogeneration system that is staffed for 8 hours. After hours alarms generate overtime. High water alarms result in calls directly to maintenance staff in rotation. The City's Environmental Compliance Certificate from the Ministry of the Environment requires 24/7/365 on-call system. Overtime is also driven by the need to repair and build parts and assemblies in house.

Collection staff works overtime to meet the service standard of collection on statutory holidays and when equipment breaks down. Public service depot staff works overtime to cover absences.

Sorters at the material recovery plant have high rates of absenteeism, necessitating overtime.

Staff is represented by CUPE 241 and CUPE 973. The department also has NUME staff across most classification levels. Therefore, the department is familiar with the full range of rules and policies governing overtime and standby pay.

Management monitors actual overtime cost against the budget monthly but does not see KRONOS data. Absenteeism reports are reviewed quarterly to recognize perfect attendance and to initiate actions under the new attendance management program.

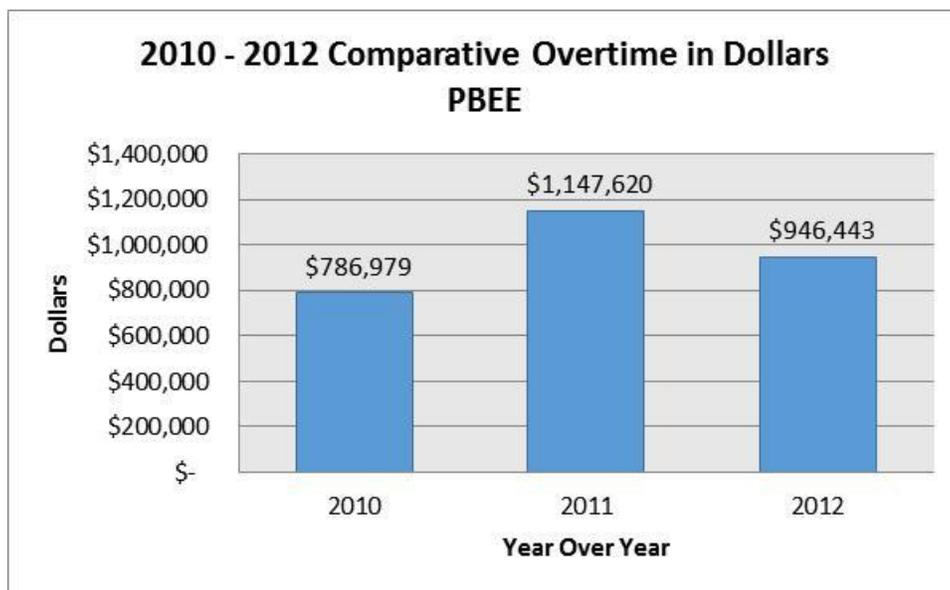
PBEE Solid Waste Resources - Opportunities for Improvement

Management is pursuing a rigorous attendance management program to address chronic absenteeism in some areas of the operation.

Overtime and standby pay could be reduced by having only one person on standby instead of three as is the current practice. The on-call staff could notify the Manager or Supervisor if additional resources were required to respond to a complaint or operational issue. More stringent management is required of Sorters and vehicle Drivers who are being paid overtime in the same week that they have taken vacation or personal time off and not worked a full 40 hour schedule. . This should be examined carefully in the language of the collective agreement to validate the current practice.

PBEE Financial Analysis

The chart below presents the 3-year historical overtime costs for PBEE.



The chart below presents a 4-year history of overtime costs in PBEE.

OVERTIME AND STANDBY - HISTORICAL PLANNING, BUILDING, ENGINEERING AND ENVIRONMENTAL						
	Overtime Hours	Service Area	Base Salary	Overtime	Standby	OT as a % of Base Salary
2009	5,157	WASTEWATER	\$ 2,197,828	\$ 229,002	\$ 33,793	10.4%
2010	5,252	WASTEWATER	\$ 2,263,400	\$ 249,265	\$ 32,693	11.0%
2011	7,066	WASTEWATER	\$ 2,597,501	\$ 352,882	\$ 42,172	13.6%
2012	6,444	WASTEWATER	\$ 2,919,453	\$ 343,997	\$ 49,558	11.8%
2009	4,788	WATER SUPPL	\$ 3,029,592	\$ 197,391	\$ 26,032	6.5%
2010	4,899	WATER SUPPL	\$ 3,411,150	\$ 204,978	\$ 24,718	6.0%
2011	5,759	WATER SUPPL	\$ 3,636,258	\$ 271,426	\$ 28,754	7.5%
2012	4,140	WATER SUPPL	\$ 3,562,141	\$ 203,927	\$ 25,130	5.7%
2009	8,232	SOLID WASTE	\$ 4,936,330	\$ 239,823	\$ 25,298	4.9%
2010	5,796	SOLID WASTE	\$ 4,966,655	\$ 178,841	\$ 24,886	3.6%
2011	10,686	SOLID WASTE	\$ 5,422,792	\$ 364,029	\$ 25,410	6.7%
2012	7,486	SOLID WASTE	\$ 5,638,578	\$ 252,375	\$ 30,532	4.5%
2013 - 8 months				\$ 199,564		
2009	2,399	ENGINEERING	\$ 2,498,665	\$ 125,396		5.0%
2010	2,294	ENGINEERING	\$ 2,458,669	\$ 120,169		4.9%
2011	1,712	ENGINEERING	\$ 2,737,061	\$ 111,871		4.1%
2012	1,712	ENGINEERING	\$ 2,956,116	\$ 94,579		3.2%

PBEE Key Findings and Recommendations

FINDING	RECOMMENDATION
Wastewater – While existing policies “Spills Contingency and Release to the Environment Plan” and the Environmental Protection By-Law define spills and response criteria it is unclear why the EPO division’s overtime costs are significantly higher than other municipal EPO divisions. .	38. Conduct a business process review to evaluate the service delivery model. Research EPO and spill response operations in other regions or municipalities to compare Guelph practices and implement opportunities for efficiencies that are identified through this process.
Solid Waste – More than one individual is paid standby for the same time period.	39. Reduce the number of individuals on standby for each week.

CORPORATE AND HUMAN RESOURCES

CHR Current Environment / Interview Summary

Corporate and Human Resources comprises Legal and Realty Services, Court Services, City Clerk's Office, Human Resources, Information Technology and Corporate Communications. Initial review of corporate wide overtime costs resulted in a decision to exclude from the scope of this audit Legal and Realty Services and Court Services because of minimal overtime costs.

CHR City Clerk's Office:

This department supports Council and Committee meetings, among other duties, necessitating working frequent evening hours. Adhering to legislative requirements such as the Planning Act drives workload. Deadlines to create Council and Committee packages result in difficulty shifting work schedules in exchange for the evening hours.

Staff is represented by CUPE 973. Historically this department had no overtime budget and management did not allow any overtime hours to be banked. The working culture supports getting the work done on time regardless of working hours. Currently, staff is encouraged to report actual work hours. Overtime hours are usually banked and time in lieu is taken in August when Council and Committees do not meet.

The current \$7,000 overtime budget is monitored against actual results monthly. Overtime is known in advance based on the annual schedule established by Council. In addition, numerous additional unscheduled meetings arise during the year that must be supported by Clerk's staff.

CHR City Clerk's Office - Opportunities for Improvement

It is difficult to manage staff when other departments interpret rules differently, even for NUME staff e.g. whether to waive the requirement to "donate" the first 2 overtime hours each week, permitting staff to self-manage make up time for absences less than 2 hours (honour system), etc. Ideally, the organization would treat ALL union and NUME staff equally and management would be required to apply the rules consistently.

CHR Human Resources:

Some overtime occurs in Payroll because deadlines must be met. Flextime is permitted so long as deadlines are met.

Overtime is approved in advance.

CHR Human Resources: - Opportunities for Improvement

No significant opportunities for improvement were identified.

CHR Information Technology:

Information Technology supports infrastructure for 911 and EMS 24/7/365 and the department incurs standby pay and overtime as a result. Currently, applications are not supported beyond 8:30 to 4:30. Information Technology maintenance is scheduled every two weeks from 3:00 am to 6:00 am, resulting in overtime.

Staff are mostly 8:30 to 4:30 office workers and do not see themselves as shift workers. Extra hours are booked and paid as overtime. Staff are not permitted to bank overtime and take time off in lieu because management feels they do not have sufficient capacity to reduce available staff hours.

The IT department has approval to waive the 2.0 hour NUME rule for class 14 and under because their call outs are often only 2 or 3 hours and they had difficulty getting staff to agree to be on call knowing they will not get paid for the first 2.0 hours.

CHR Information Technology: - Opportunities for Improvement

No significant opportunities for improvement were identified.

CHR Corporate Communications:

Work is mostly project based and unless there are clear deadlines to be met, project deadlines are pushed out rather than incur overtime. Current discussions about supporting the use of social media may have implications for overtime by Communications staff.

CUPE 973 and NUME rules apply.

There is no budget set for overtime and there is no monitoring. Any overtime is banked and taken as time off in lieu.

CHR Corporate Communications: - Opportunities for Improvement

No significant opportunities for improvement were identified.

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CHR Financial Analysis

The overtime costs for CHR are minimal and no further analysis was conducted for the audit.

FINANCE AND ENTERPRISE

F&E Current Environment / Interview Summary

F&E Finance and Enterprise:

After reviewing corporate wide overtime cost data, the scope of this audit was changed to remove Community Energy, Downtown Renewal and Economic Development departments because overtime costs were minimal.

F&E Finance Services:

Some work is deadline driven and overtime may be required to meet these. Staff is represented by CUPE 973. There is a department policy for overtime for all employee groups.

Managers determine if there is a business need for overtime and approve it in advance. Actual overtime cost is compared with the budget and monitored monthly.

No significant opportunities for improvement were identified.

F&E Financial Analysis

The overtime costs for F&E are minimal and no further analysis was conducted for the audit.

CONCLUSIONS

It is important to note that the overtime issues facing the City are not unique to Guelph and that all municipalities face similar challenges.

While the audit has identified a number of opportunities for the City to improve its management of overtime costs, it must be acknowledged that changes to culture and past practice take time to fully evolve.

Management has the responsibility for implementing the audit recommendations but it will require the full commitment of staff, union leaders and Council to realize the maximum benefits of these changes.

In its Corporate Strategic Plan, the organization has committed to "Organizational Excellence" and "Innovation in Local Government" as two of its strategic focus areas. This commitment is further defined in the specific Strategic Directions:

- 1.3 Build robust systems, structures and frameworks aligned to strategy
- 2.3 Ensure accountability, transparency and engagement

It is incumbent on the organization to meet these goals and demonstrate that "Doing Business Differently" means that the status quo is no longer good enough. As the City continues to improve its fiscal performance, improving the management of overtime will only enhance the City's financial position and standing.

The auditor would like to acknowledge the full cooperation and support of all staff in completing this audit.

NEXT STEPS

Management is required to provide a response to the auditor by November 12th 2013 in order to accommodate the deadlines for presentation to audit committee on December 5, 2013.

This audit is a corporate-wide audit and therefore there is no specific "auditee".

As such, Executive Team members are required to respond to the specific Service Area recommendations within their portfolios. Executive Directors will require the approval of the CAO for their individual responses.

The Executive Team should provide their collective response to Corporate-wide recommendations. It is the responsibility of the CAO to sign off on all of the responses and to present the organization's position to the Audit Committee at the same time that this audit report is presented.